

## GENERAL EXEMPTION NO.24

**Exemption to materials required for manufacture of the final goods when imported under Advance licence for deemed exporter :**

[Notfn. No. 50/00-Cus. dt.27.4.2000 as amended by Notfn. Nos. 140/00,60/01, 121/01, 113/02, 84/03, 97/03, 63/04, 46/13, 26/17]

In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 to 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 Traiff 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 Traiff Act subject to the following conditions, namely:—

(1) that the importer has been granted **Advance Licence for deemed exports** in terms of paragraph 7.3(c) of the Export and Import Policy or **Annual Advance licence for Deemed Exports** in terms of paragraph 7.2 of the Export and Import Policy 1997-2002, notified by the Government of India in the Ministry of Commerce, vide notification No.1(RE-00)/1997-2002 dated the 31st March, 2001, as the case may be, (hereinafter referred to as the said licence) by the Licensing Authority for import of the said materials for the aforesaid purpose, and the said licence is produced by the importer at the time of clearance for debit by the proper officer of 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 materials 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 annum from the date of clearance of materials;*(As per sec 120(1) of Finance Bill 2003 the rate of 15% is applicable w.e.f. 27.4.2000).*

(4) that the importer produces evidence of having discharged obligation to supply 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 or 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, Calcutta, Cochin, Kandla, Mangalore, Marmagoa, Chennai, Nhava Sheva, Paradeep, Tuticorin, Visakhapatnam, Kakinanda, Magdalla, Sikka, Pipavav, Jamnagar and Muldwarka or through any of the airports at Ahmedabad, Bangalore, Mumbai, Calcutta, Bhubaneshwar, Coimbatore, Delhi, Hyderabad, Jaipur, Chennai, Srinagar, Trivandrum and Varanasi on through any of the Inland container Depots at Bangalore, Coimbatore, Delhi, Gauhati, Hyderabad, Kanpur, Ludhiana, Moradabad, Pimpri (Pune), Pitampur (Indore), Agra, Faridabad, Jaipur, Guntur, Nagpur, Varanasi, Surat, Jodhpur, Salem, Tirupur, Singanallur, Waluj, Malanpur, Bhatinda, Dappar (Dera Bassi), Chheharata (Amritsar), Karur, Miraj, Rewari, Bhusawal, Jamshedpur, Surajpur and Dadri or through Land Customs Stations at Jogbani, Nautanva(Sonauli), Petrapole and Mahadipur.

Provided that the Commissioner of Customs may be 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. 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, 1992 (22 of 1992) or an officer authorised 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 made to the United Nations Organisation or under the aid programme of the United Nations or other multilateral agencies and paid for in foreign exchange;

(b) supplies made to projects financed by multi-lateral 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;

(c) supplies made to units in the free trade zones and hundred per cent export oriented units (excluding free trade zone units/export oriented undertakings engaged in Diamond, Gem and Jewellery);

(d) supply of capital goods including capital goods in unassembled/disassembled condition plant, machinery, accessories, tools, dies and such goods which are used for installation purposes till the stage of commercial production, and spares to the extent of 10% of the value of such capital goods for fertiliser plants if the supply of goods is made under the procedure of international competitive bidding;

(e) supply of capital goods to the holders of licence under paragraph 6.2 of the Export and Import Policy.

(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 under Chapter 10 of the Export and Import Policy for domestic supplies;

(g) supply of goods to power and refinery projects not covered in (f) above;

(h) goods specified in List 9 appended to the notification of the Government of India, in the Ministry of Finance (Department of Revenue), No.16/2000-Customs, dated 1st March, 2000, for supply to a refinery set up under the ninth five Year Plan;

(i) Supply of goods to any of the Mega Power Project (including generation and Transition) specified in list 33 appended to the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 16/2000-Custom dated the 10th March, 2000 if such Mega Power Project.

(1) an inter-state thermal power plant of a capacity of 1500 MW or more; or

(2) an inter-state hydel power plant of a capacity of 500 MW or more;

— as certified by an officer not below the rank of Joint Secretary to the Government of India in the Ministry of Power;

(j) supply of goods to Talcher-II and Talcher-II transmission projects in terms of the Public Notice of the Government of India in the Ministry of Commerce No.18 (RE:99)/1997-2000, dated the 1st July, 1999.

(k) supply of goods to Sasaram HVDC East-North Interconnector Project in terms of the Public Notice of the Government of India in the Ministry of Commerce No. 25 (RE.99)/1997-2002, dated the 28th July, 1999.

(l) supply of goods to the three OECF assisted projects, namely, Faridabad Gas based Power Project of NTPC, Simhadri Thermal Power Project of NTPC and Bakreshwar Thermal Power Project of WBPDC in terms of the Public Notice of the Government of India, in the Ministry of Commerce, No.30 (RE:99)/1997-2002, dated the 6th September, 1999

(m) supply of goods to the Maharashtra State Electricity Board for execution of Maharashtra Power Projects in terms of the Public Notice of the Government of India in the Ministry of Commerce, No. 31(RE:99)/1997-2002, dated the 23rd September, 1999;

(n) supply of goods to Rihand-Sasaram-Biharsharif HVDC Link back to back Station Project in terms of the Public Notice of the Government of India in the Ministry of Commerce, No.38 (RE:99)/1997-

2002, dated the 5th November, 1999;

(o) supply of goods to Eastern Region System Coordination and Control (ERSC & C) Transmission Project in terms of the Public Notice of the Government of India in the Ministry of Commerce, No. 34(RE-2000)/1997-2002, dated the 15th September, 2000.

(p) supply of goods to Vindhyachal Super Thermal Power Project (STPP) Stage-II in the State of Madhya Pradesh and Kayamkulam Combined Cycle Power Project (CCPP) in the State of Kerala in terms of the Public Notice of the Government of India in the Ministry of Commerce, No.18(RE-01)/1997-2002, dated the 7th June, 2001.

(iv) "free trade zone", and "hundred percent export oriented units" have the same meaning as in Explanation 2 to sub-section (1) of section 3 of the Central Excise Act, 1944 (1 of 1944);

(v) "Export and Import Policy" means Export and Import Policy, 1997-2002, notified by the Government of India in the Ministry of Commerce vide notification number 1(RE-99)/1997-2002, dated the 31st March, 2000.

