

GENERAL EXEMPTION NO. 65

Exemption to Goods imported against a Pass Book issued by the designated authority under paragraph 54 of the Export and Import Policy 1992-97.

[Notfn. No. 104/95-Cus., dt. 30.5.1995 as amended by Notfn. Nos. 55/95, 33/96, 81/96, 24/97 and 12/99, 26/17]

In exercise of the powers conferred by sub-section (1) 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 goods imported into India from

- (i) the **whole of the duty of customs** leviable thereon which is specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975); and
- (ii) the **whole of the additional duty** leviable under sub-sections (1), (3) and (5) of section 3 of the said Customs Tariff Act, where specifically claimed by the importer.

subject to the following conditions, namely:-

(1) That the importer has been issued a **Pass Book** by the designated authority under paragraph 54 of the Export and Import Policy (hereinafter referred to as said Pass Book).

(2) The importer has been permitted credit entries of the amounts equal to basic customs duties on the inputs used in the products exported by the importer as verified by an Assistant Commissioner of Customs or Deputy Commissioner of Customs.

Provided that credit shall not be allowed by the designated authority in respect of goods exported under a claim for drawback or in discharge of export obligation against a licence issued under Duty Exemption Scheme contained in Chapter VII of the Export and Import Policy or where export was from a port or airport or Inland Container Depot other than the ports or airports or Inland Container Depots at Bombay, Nhava Sheva, Calcutta, (including the land Customs Station at Petropole) Madras or Delhi.

Provided further that such credit -

- (i) shall be admissible only in respect of the import items (hereinafter referred to as the inputs) which are specified with quantity restrictions in the standard input-output norms published in the Hand-book of Procedures, Vol. II, by the Government of India in the Ministry of Commerce vide Public Notice No.121 (PN)/92-97 dated the 31st March, 1992, as amended from time to time (hereinafter referred to as the said norms), and which inputs are declared by the exporter to have been actually used in the product exported;
- (ii) shall be admissible only where the export product is declared and if necessary proved to the satisfaction of the Assistant Commissioner of Customs to have been manufactured out of inputs of prime quality, except where the said norms allow import of scrap or waste;
- (iii) shall be allowed,-
- (a) at the rate of customs duties chargeable under the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) read with notifications, if any, issued under section 25 of the said Customs Act on the inputs

as if the inputs were imported on the date on which the order permitting the clearance and loading the Export product was made by the proper officer of the Customs under section 51 of the said Customs Act;

- (b) where duties of customs are chargeable on any input by reference to its value, such value shall be determined by proceeding sequentially through the following methods, namely:-
- (I) the value shall be deemed to be the price at which the same or similar inputs, known to be usable in the export product were imported at the place of exportation of such export product within 90 days prior to such export, or
 - (II) the price at which inputs of like kind were imported anywhere in India within 180 days prior to the export by the pass book holder himself or by any other person, or
 - (III) the price at which such inputs were exported from India within 90 days prior to the date of exports; or
 - (IV) the price published in a contemporary reputed journal which regularly publishes international prices of such inputs; or
 - (V) the price arrived at by following any other reasonable method which the Assistant Commissioner of Customs or Deputy Commissioner of Customs may deem fit.

(iv) shall not be allowed in case the total value of inputs in respect of which credit is claimed exceeds 75% of the F.O.B. value of the products exported, unless otherwise permitted by a general or special order by the Director General of Foreign Trade, in the Ministry of Commerce, or any other officer authorised by him.

- (3) The said Pass Book is produced before the designated authority for debit of the duties leviable on the goods but for exemption contained herein:

Provided that exemption from duty shall not be admissible if there is insufficient credit in the said Pass Book for debiting the duty leviable on the goods but for this exemption.

- (4) The said Pass Book shall be valid for credits by the designated authority for two years from the date of issue thereof and any credit in the said Pass Book if not utilised within three years from the date of its issue shall lapse.

Provided that where the export has been effected upto and including, 31st March, 1997, and credit in the pass-book has not been granted, the pass-book shall be valid for credit upto and including 31st March, 1999.

- (5) The said Pass Book or the credit allowed therein shall not be transferable to any other person.
- (6) where the importer does not claim exemption from the additional duty of customs leviable under sub-sections (1), (3) and (5) of section 3 of the Customs Tariff Act, 1975 (51 of 1975), he shall be deemed not to have availed the exemption from the duty specified in the First Schedule to the said Customs Tariff Act for the purpose of calculation of the said additional duty of customs.

Explanation:- “Export and Import Policy” means the Export and Import Policy 1 April 1992 - 31 March 1997 (Revised Edition : March 1995) published vide notification of the Government of India in the Ministry of Commerce No.1 (RE-95)/92-97 dated the 31st March, 1995.

