

GENERAL EXEMPTION NO. 46

Nil rate of Customs duty and Nil rate of additional duty for Components required for the manufacture of capital goods when imported by a manufacturer of capital goods for supply to a person holding Zero duty EPCG Licence.

[Notfn. No. 130/95-Cus. dt. 25.8.1995 as amended by 163/95, 46/13, 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 **components required for the manufacture of capital goods** when imported into India by a manufacturer of such capital goods **for supply to a person holding a licence under the Export Promotion Capital Goods (E.P.C.G.) Scheme** in terms of the Export and Import Policy for import of capital goods **at zero rate of duty** in terms of notification of the Government of India in the Ministry of Finance, No. **111/95-Customs**, dated the 5th June, 1995 from **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 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:-

- (i) the components are imported under, and in accordance with, a licence (hereinafter referred to as the said licence) granted by the Licensing Authority in terms of second sub-paragraph of paragraph 46 of the Export and Import Policy;
- (ii) the said licence specifies, inter-alia,-
 - (a) the description, quantity and value of components to be imported under the said licence; and
 - (b) the description, quantity and value of capital goods to be manufactured;
- (iii) the importer complies with all the requirements specified in the Export and Import Policy, in respect of the said licence;
- (iv) the importer executes a bond, in such form and for such sum, as may be specified by the Assistant Commissioner of Customs or Deputy Commissioner of Customs at the port of importation to the effect that -
 - (1) the components shall be used for the purpose specified above and that the capital goods manufactured by the importer shall be supplied to the person holding the licence under the Export Promotion Capital Goods Scheme in terms of the Export and Import Policy for import of capital goods at **zero rate of duty** in terms of the said Notification No.111/95-Customs, dated the 5th June, 1995;

Provided that where capital goods required to be manufactured and supplied in terms of the said licence have already been supplied, the components may be used by the exporter for manufacture of any other capital goods in his factory and evidence of receipt of such components in the factory and its utilisation for the aforesaid purpose shall be produced to the satisfaction of the Assistant Commissioner of Customs or Deputy Commissioner of Customs at the port of importation in lieu of certificate envisaged in clause (3) hereunder;

- (2) the account of the said components received and consumed in the factory of the importer for the

aforesaid purpose shall be maintained;

- (3) the importer shall produce a certificate issued by the Assistant Commissioner or Deputy Commissioner of Customs in whose jurisdiction the unit receiving the capital goods is situated, indicating the description and quantity of such capital goods supplied by the importer within a period of three months or such extended period as the Assistant Commissioner of Customs or Deputy Commissioner of Customs at the port of importation may allow; and
 - (4) the importer shall pay, on demand, in the event of his failure to comply with any of the above conditions, the duty leviable on the components but for the exemption contained herein.
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,-

- (1) “capital goods” means any plant, machinery, equipment and accessories required for -
 - (a) manufacture or production of other goods, including packaging machinery and equipments, refractories, refrigeration equipment, power generating sets, machine tools, catalysts for initial charge, and equipments and instruments for testing, research and development, quality and pollution control,
 - (b) use in manufacturing, mining, agriculture, aquaculture, animal husbandry, floriculture, horticulture, pisciculture, poultry and sericulture;
- (2) “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;
- (3) “Licensing Authority” means the Director General, 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.