

Government of India
Ministry of Commerce and Industry
Department of Commerce
Directorate General of Foreign Trade
Udyog Bhavan, New Delhi.

Policy Circular No.22/2015-20

Dated the 29 March, 2019

To,

1. All Exporters/Members of Trade
2. Regional Authorities of DGFT
3. All Customs Authorities

Subject:- EPCG Scheme - Applicability of amendment to Para 5.10(c) of Hand Book of Procedures 2015-20 (Mid-Term Review).

This Directorate has received references from the trade and RAs seeking clarification regarding the applicability of para 5.10(c) of HBP 2015-20 on third party exports. The matter has been examined in consultation with the Department of Revenue.

2. Para 5.10 (c) of HBP (2015-20) (updated as on 5.12.2017) states that :-

*"In case the Authorization Holder wants to export through a third party, export documents viz., shipping bills / Bill of exports etc. shall indicate name of both authorization holder and supporting manufacturer, if any, along with EPCG authorization number. BRC, GR declaration, export order and invoice should be in the name of third party exporter. The goods exported through third party should be manufactured by the EPCG Authorisation Holder or the supporting manufacturer where the capital goods imported under the authorisation have been installed. **Proceeds realised through normal banking channel from third party exporter's account to the authorisation holder's account on account of such exports only shall be counted towards fulfilment of export obligation.**"*

(Text in bold is an amendment incorporated in the mid-term review)

3. It is clarified that the amendment to the para 5.10(c) of HBP 2015-20 shall be applicable to third party exports made on or after 05.12.2017. Third party exports which have been made prior to 05.12.2017 will be governed by the provisions of the relevant policy/procedure.
4. Accordingly, in the case of third party exports, an authorisation holder can count till 04.12.2017 the full realised value of the shipping bill towards fulfilment of export obligation subject to counting of exports only once towards the EPCG obligation and maintenance of Average Export Obligation.
5. All the shipments made 05.12.2017 onwards will be counted towards Export Obligation only for the actual payment realised through the normal banking channel from the third party exporter's account to the authorisation holder's account.
6. This issues with the approval of the Director General of Foreign Trade.

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