

GOVERNMENT OF INDIA  
MINISTRY OF COMMERCE & INDUSTRY  
(DEPARTMENT OF COMMERCE)

**LOK SABHA**  
**UNSTARRED QUESTION NO. 4733**  
**TO BE ANSWERED ON 24<sup>th</sup> MARCH, 2021**

**EXPORT PROMOTION CAPITAL GOODS SCHEME**

4733. SHRI REBATI TRIPURA:

Will the Minister of **COMMERCE & INDUSTRY** (वाणिज्य एवं उद्योग मंत्री) be pleased to state:

- (a) whether the Government is implementing the Export Promotion Capital Goods Scheme for boosting the exports of capital goods in the country;
- (b) if so, the details thereof along-with its aims and objectives;
- (c) the requirements which are required to be fulfilled by the exporters for running the said scheme; and
- (d) the details of the benefits available for the exporters under this scheme?

**ANSWER**

वाणिज्य एवं उद्योग मंत्रालय में राज्य मंत्री (श्री हरदीप सिंह पुरी)

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY  
(SHRI HARDEEP SINGH PURI)

- (a) to (d): The Export Promotion Capital Goods (EPCG) Scheme is notified under Chapter 5 of Foreign Trade Policy (2015-20) to facilitate import of capital goods for producing quality goods and services and enhance India's manufacturing competitiveness. The Scheme allows import of capital goods (except those specified in negative list) at zero customs duty for pre-production, production and post production of export goods. Capital goods imported under EPCG Scheme for physical exports are also exempt from the IGST and Compensation Cess leviable thereon under sub-section (7) and subsection (9) respectively, of section 3 of the Customs Tariff Act, 1975. An EPCG authorization

holder may also source Capital Goods from a domestic manufacturer. Such domestic manufacturer is eligible for deemed export benefits. EPCG Scheme also covers service providers including those designated/ certified as Common Service Providers (CSP) by the Directorate General of Foreign Trade (DGFT).

Exporters availing benefit of EPCG Scheme are required to achieve an Export Obligation (EO) equivalent to six times of duties, taxes and cess saved on capital goods, to be fulfilled in six years reckoned from date of issue of Authorisation. EPCG authorisation holder can export goods manufactured by him or by his supporting manufacturer for which the EPCG authorisation has been granted. Deemed Export supplies are also counted towards fulfilment of export obligation. Export Obligation under the scheme should be, over and above, the average level of exports achieved by the applicant for the same and similar products, except for certain categories, as specified. Imported Capital Goods are subject to actual user condition till export obligation is completed and Export Obligation Discharge Certificate (EODC) is granted. The Authorisation holder is required to submit a Bond/Bank Guarantee at the time of imports as per Customs Circular No. 58/2004-Cus 21st October, 2004, as amended from time to time.

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