

## EPCG (Export Promotion of Capital Goods)

### Introduction

EPCG is a term used in India under exports and imports. EPCG means, Export Promotion Capital Goods. EPCG is one of the schemes provided by government of India to importers and exporters to promote exports. In simple and easy language, EPCG is a scheme related to machinery, machinery parts and similar goods.

### Benefit of Scheme –

Under Export Promotion Capital Goods (EPCG) scheme, a license holder can **import capital goods** such as plant, machinery, equipment, components and spare parts of the machinery **at zero rate of customs duty**. General import duty is approx. 25 % to 27 % however in case of EPCG license holder not required pay duty.

### Who Can Apply?

A manufacturer exporter can apply under scheme.

### Obligation Under Scheme –

The duty free import by an exporter has to be paid back in the form of an export obligation equivalent to 6 times of duty saved on capital goods imported under EPCG scheme, to be fulfilled in 6 years reckoned from Authorization issue-date. This means that if an exporter imports a tool making machine and saves an import duty of Rs. 100, he will have make the tools and export tools worth minimum Rs. 600 within 6 years.

### Salient Features

- Authorization holders will have export obligation of 6 times the duty saved amount. The export obligation has to be completed in a period of 6 years.
- The period for import under the Scheme would be 18 months.
- Export obligation discharge by export of alternate products as well as accounting of exports of group companies will not be allowed.
- On non-full fill meant of export obligation license holder required to pay the import duty amount along with interest.
- For default in fulfilling the export under the EPCG scheme, license holder have to pay the duty saved proportionate to the unfulfilled export obligation plus interest rate applicable from the date of clearance of the goods.

### Procedure for Obtaining EPCG License

- Certain list documents required
- Making a brief application to be made in ANF
- Payment of Applicable Government fees
- Putting up file to Director General of Foreign Trade
- Obtaining License under EPCG