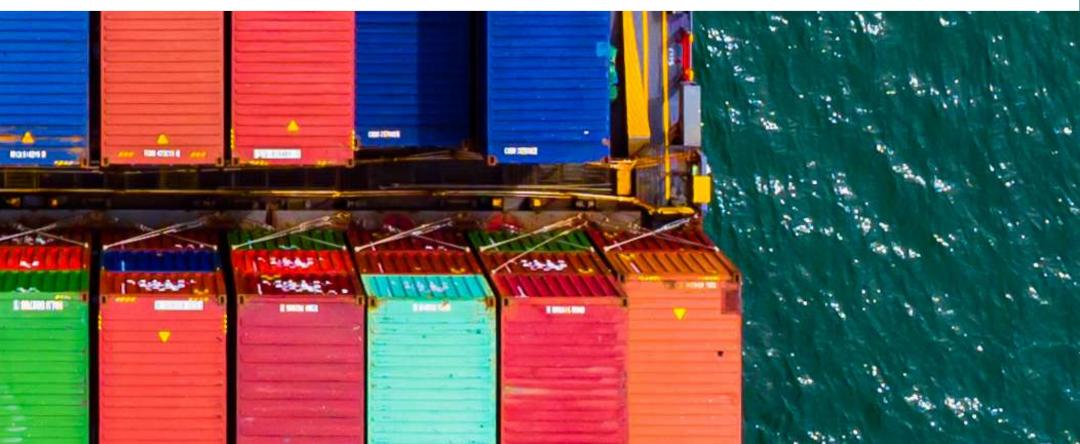


The Ministry of Commerce and Industry Issues a Press Release in regard to the relaxation of the EPCG Scheme



On 20th January 2023, the Ministry of Commerce and Industry issued a Press Release in regard to the relaxation of the Export Promotion Capital Goods (EPCG) Scheme for the sectors affected by the Covid-19 Pandemic.

The Indian Government announced a one-time relaxation from the maintenance of average export obligation and an option for the extension of the export obligation period for specific sectors under the EPCG Scheme. The sectors which are eligible for the relief are Hotel, Healthcare, and Educational Sectors for the years 2020-21 and 2021-22. These sectors are not required to maintain an average export obligation for EPCG authorisation issued to them.

These sectors also secure the option for extending the export obligation periods for a longer duration without having to pay any additional fees.

For EPCG authorisations that are issued for the Hotel, the export obligation period would be extended from the date of expiry for the duration, which is equivalent to the number of days the export obligation period falls within 1st February 2020 to 31st March 2022. This extension is to be granted without payment of composition fees. However, for EPCG authorisations issued for sectors other than Hotel, Healthcare and Educational, the export obligation period may be extended for the number of days the existing export obligation period falls within 1st February 2020 and 31st July 2021. This extension is to be granted without the payment of composition fees but with a 5% additional export obligation in value terms on the balance export obligation as on 31st March 2022.

This particular relaxation is to be provided in light of the economic slowdown caused by the COVID-19 Pandemic. This relief will help the Hotel, Healthcare and Educational sectors to cope with the negative impact of the Pandemic on their export activities.

The EPCG Scheme is a trade promotion scheme which is implemented by the Indian Government which allows duty-free import of capital goods for export by providing import duty concession on capital goods. The EPCG Scheme is administered by the Directorate General of Foreign Trade (DGFT) and is governed under the Foreign Trade Policy of India.

