

Government of India  
Ministry of Commerce & Industry  
Department of Industrial Policy & Promotion  
Secretariat for Industrial Assistance

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**PRESS NOTE NO. 3(2001 SERIES)**

**Subject:- Deletion of the condition of "Export obligation".**

A number of items are reserved for exclusive production in the Small Scale Sector. For production of such items in the non-small scale sector units, an industrial licence is required to be obtained under the provisions of the Industries (Development & Regulation) Act, 1951. Industrial licence in such cases is granted subject to export obligation of 50% of annual production in terms of Notification No. S.O. 881(E) dated 18.12.97.

2. The list of items reserved for small scale sector is reviewed from time to time. Taking into account various factors, items are considered for dereservation. After dereservation, the condition of export obligation becomes redundant and has to be deleted, for which holders of IL/LOI have to approach Secretariat for Industrial Assistance (SIA).

3. In order to avoid references by holders of IL/LOI on a case by case basis for an item(s) which has/have been dereserved by a notification published in the Gazette of India, it has been decided that after issue of this Press Note, Industrial licences/Letter(s) of Intent issued by Secretariat for Industrial Assistance (SIA) in the past which carry the condition of export obligation will be deemed to have been exempted from the operation of this condition for items which stand dereserved by an appropriate notification. No separate amendment/endorsement deleting the condition of export obligation in Industrial licence(s)/Letter of Intent would be necessary. It will be sufficient to attach a copy of this Press Note and the relevant notification on dereservation of an item for the purpose of obtaining exemption from the condition of "Export obligation".

4 It is also open to entrepreneurs to file an Industrial Entrepreneurs' Memorandum (IEM) in lieu of Industrial Licence/LOI held by them, if they so desire, and if the Industrial Licence/LOI has not been granted in relaxation of locational policy; or when any variation from the conditions and parameters stipulated in the Industrial Licence/LOI is contemplated.

**(M.S. SRINIVASAN)**  
**Joint Secretary to the Government of India**

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