

K-43022/24/2024-SEZ
Government of India/Bharat Sarkar
Ministry of Commerce and Industry/ Vanijya Aur Udyog Mantralaya
Department of Commerce/ Vanijya Vibhag
(SEZ Section)

Vanijya Bhawan, New Delhi
Dated the 24th September, 2024

To,
The Development Commissioners of all SEZs

Subject: Guidelines for Operational Framework of FTWZ and Warehousing units in SEZ – Reg.

Madam/Sir,

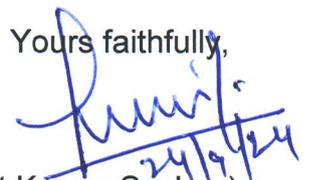
I am directed to refer to the above mentioned subject and to state that Department of Commerce had constituted a committee under the chairmanship of the then Development Commissioner (DC), GIFT SEZ to review the operational framework of FTWZs and warehousing units. The report submitted by the Committee has been examined in detail and following is conveyed for strict compliance:

- i. There should be due diligence in verifying the credentials including KYC norms of the applicant entities for setting up of FTWZ/Warehousing zones / units as well as the clients of such units. Aadhaar based authentication for Indians and Passport based authentication for foreign clients are to be considered. The Income tax return for the last three years in respect of the proprietor/Partners/Director/s or audited balance sheets for the last three years in case of Limited Company/Private Limited Company should be part of KYC.
- ii. Development Commissioner (DC) to ensure that warehousing units should furnish the specified KYC details of their clients to the DC office before commencing first transaction by that client.
- iii. All the facilities of the FTWZs must be under CCTV surveillance with storage of data for at least one year. The DC and his authorised representatives are to have access the CCTV footage at any point of time.
- iv. The warehousing units must have a tamper-proof ERP/SAP system and no FTWZ/Warehousing Unit should be allowed without such system. DC and his authorised representatives should access to view the system and also seek specific reports from this system. DC and his authorised representatives are to periodically inspect/check the Warehousing Units based on risk assessment.
- v. All the DCs shall ensure that manual entries/processing of Customs clearances is strictly prohibited and responsibility should be fixed on any officer violating the same. Further, it is noted that SEZ-Online and ICEGATE are already interlinked for trans-shipment for requisite cargo movements. Accordingly, it is mandatory on both sides to enable cargo clearance only through designated modules. Further, the Customs officers are to be instructed to access NIDB regularly while assessing cargo to ensure that the scope for over/under valuation is mitigated.



- vi. The transfer of goods from one FTWZ to another FTWZ should not be allowed except in specific and exceptional cases after consideration by the UAC.
 - vii. DCs to carry out periodical physical verifications to warehousing units mandatorily. A comprehensive checklist should be prepared based on local risk assessment and utilized during such physical inspections.
 - viii. DCs may also review / monitor the performance of FTWZ units on yearly basis.
 - ix. DCs are to ensure periodic audit of the SEZ units by Customs officers in accordance with Rule 79 of the SEZ Rules, by prioritizing audit of FTWZ units and warehousing units.
 - x. DCs shall ensure that all the details of cases of undervaluation/overvaluation and unscrupulous units should be shared with all the DCs so that such units or their Directors are not able to repeat the offence through any other warehousing facility.
 - xi. DCs shall keep a strict watch on the high risk commodities such as areca nuts, betel nut, black pepper, dates etc. and may consider restricting dealing in such sensitive commodities by FTWZ units and warehousing units. Moreover, the list may further be regularly reviewed by the Unit Approval Committee based on the risk perceptions of the various commodities.
 - xii. DC/UAC may take appropriate action on a case-to-case basis to define a minimum area for the warehousing unit so as to enable the clients to keep their goods in the warehousing for longer period and clear the goods as and when needed, i.e. for the purpose for which it was set up rather than providing scope for abusing the facility for malpractices.
2. Since sub-letting of SEZ units is not permitted under SEZ law, all the DCs are to take appropriate action to cancel the LoA in case of such violations by any unit.
 3. A zonal level team comprising JDC/ DDC/ DC(Customs) / other officers as deemed fit by DC is to be constituted in consultation with Customs wing to study data of NSDL to properly analyse on continuous basis for any glaring discrepancy and for strengthening risk assessment measures.
 4. This issues with the approval of competent authority.

Yours faithfully,



(Sumit Kumar Sachan)

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Copy to :-

1. CBIC, Dept. of Revenue, New Delhi
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