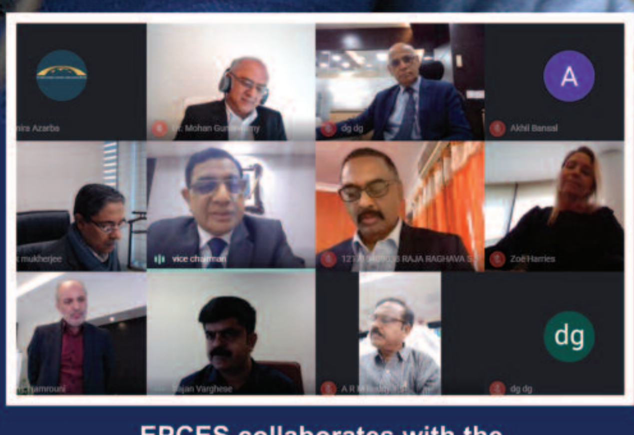
EPCES NEWS

Volume 16 No. 4

JANUARY-MARCH 2021

COMMERCE MINISTER MEETING WITH ALL EPCs



EPCES collaborates with the World Free Zones Organization

ZONE WISE EXPORTS

MANUFACTURING & TRADING SERVICES EXPORTS (IN RS. Cr)								
ZONE NAME	FY 2020-21		TOTAL	FY 2019-20		TOTAL	CHANGE IN INR	CHANGE IN %
	Manufacturing	Trading & Services		Manufacturing	Trading & Services			
Seepz SEZ Mumbai	24,435	1,411	25,846	23,586	1,432	25,018	827	+3%
Cochin SEZ	10,427	347	10,774	52,974	506	53,480	-42,706	-80%
Mepz SEZ	14,603	1,376	15,980	16,160	1,523	17,683	-1,703	-10%
Vishakhapatnam SEZ	30,684	5,121	35,805	24,322	3,882	28,204	7,601	+27%
Falta SEZ	12,865	15	12,880	11,480	27	11,507	1,373	+12%
Noida SEZ	17,513	291	17,804	16,855	746	17,601	203	+1%
Kandla SEZ	125,164	2,121	127,285	156,278	1,404	157,683	-30,398	-19%
Grand Total	**235,691**	**10,682**	**246,372**	**301,655**	**9,520**	**311,175**	**-64,803**	**-21%**

SERVICES EXPORTS (IN RS. Cr)								
ZONE NAME	MONTH		CHANGES IN INR	CHANGE IN PERCENTAGE	CUMULATIVE		CHANGE IN INR	CHANGE IN %
	March 2021	March 2020			FY 2020-21	FY 2019-20		
Seepz SEZ Mumbai	8,931	10,424	-1,493	-14%	113,516	98,920	14,596	+15%
Cochin SEZ	11,366	13,506	-2,140	-16%	140,656	132,455	8,201	+6%
Mepz SEZ	7,777	9,622	-1,845	-19%	100,785	93,667	7,118	+8%
Vishakhapatnam SEZ	7,191	7,298	-107	-1%	77,266	71,314	5,952	+8%
Falta SEZ	1,896	1,860	36	+2%	18,845	18,304	541	+3%
Noida SEZ	4,800	5,764	-964	-17%	53,114	53,047	67	+0%
Kandla SEZ	441	373	68	+18%	5,013	5,410	-398	-7%
Grand Total	**42,403**	**48,847**	**-6,444**	**-13%**	**509,195**	**473,117**	**36,078**	**+8%**

TOTAL MANUFACTURING & TRADING SERVICES AND SERVICES EXPORTS								
ZONE NAME	Exports (FY 2020-21)		Total Exports for the year 2020-21	Exports (FY 2019-20)		Total Exports for the year 2019-20	CHANGE IN INR RS IN Cr.	CHANGE IN %
	Manufacturing, Services & Trading	Services		Manufacturing, Services & Trading	Services			
Seepz SEZ Mumbai	25,846	113,516	139,362	25,018	98,920	123,938	15,424	11%
Cochin SEZ	10,774	140,656	151,429	53,480	132,455	185,935	-34,505	-23%
Mepz SEZ	15,980	100,785	116,765	17,683	93,667	111,350	5,415	5%
Vishakhapatnam SEZ	35,805	77,266	113,071	28,204	71,314	99,518	13,553	12%
Falta SEZ	12,880	18,845	31,725	11,507	18,304	29,810	1,914	6%
Noida SEZ	17,804	53,114	70,918	17,601	53,047	70,648	270	0%
Kandla SEZ	127,285	5,013	132,297	157,683	5,410	163,093	-30,796	-23%
Grand Total	**246,372**	**509,195**	**755,567**	**311,175**	**473,117**	**784,292**	**-28,725**	**-4%**

INSIDE

EPCES NEWS

A Newsletter by Export Promotion Council for EOUs & SEZs (Set up by Ministry of Commerce and Industry, Government of India)

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Bhuvnesh Seth

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Alok Vardhan Chaturvedi

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Bhuvnesh Seth
Vice Chairman, EPCES

Dear Exporter Friends,

As we all know, the year 2020-21 has been a difficult year, full of challenges, due to the unprecedented Covid-19 pandemic, globally. There have been encouraging signs of economic recovery but now the country is undergoing severe "second" wave which has led to lockdown like situation in many parts of the country creating uncertainty severely impacting industrial units across the country. Add to that, the commodity prices are on the rise and thus raw material costs have increased. This has affected our merchandise exports from SEZs badly which have declined by 21% while services exports grew by 8% clocking a de-growth of 3.7% in overall exports.

During January-March 2021 quarter, we have taken up the issue of inclusion of SEZ and EOUs under the newly announced RoDTEP scheme very strongly at all levels including Finance Ministry and Commerce Ministry. I have urged both Hon'ble Finance Minister and Hon'ble Commerce and Industry Minister for covering SEZ units and EOUs under the scheme. We had submitted a formal detailed proposal to DGFT, D/o Revenue, and the RoDTEP Committee on 18.02.2021 which can be seen at www.epces.in. We will keep pursuing this issue with the Government at every possible opportunity.

Hon'ble Minister of Commerce & Industry held an online meeting with various Export Promotion Councils (EPCs) on March 22, 2021. We again raised the issue for inclusion of SEZs and EOUs under the RoDTEP scheme. Other issues such as SEZ to DTA supplies on duty free/ equalisation fee, supply of services to DTA on Rupee Payment basis, FTWZ to be multi-sector SEZs, reduction in SEZ Online charges were also taken by the Council.

We are glad to inform, Ernest & young LLP completed the study on "Feasibility of Extension of Customs EDI (ICEGATE) to SEZs". The report has been submitted to the Department of Commerce. A committee has been set up by the D/o Commerce to rationalise the charges levied by SEZ Online. The report is available on our website. M/s Pricewaterhouse Coopers is carrying out an "In-depth analysis of role of sectors other than IT and ITES, Petroleum, and Gems and Jewellery in employment generation, attracting investment and innovative technologies in SEZs". The draft report has been submitted and comments have been invited and it will be finalised by May end.

EPCES organised a webinar on Union Budget 2021 & SEZs/EOUs in association with its Knowledge Partner Grant Thornton on 4th February 2021.

In this edition, you will find regular information about the status of issues taken by the EPCES with the Government, export data of SEZs, and details of queries answered by our knowledge partner, etc. and other export-oriented articles contributed by members and other experts.

I hope you will find this edition informative and interesting. I will be eager to hear your suggestions to make this magazine more meaningful and useful.

Take care. Be safe.

With best wishes,

Bhuvnesh Seth
Vice Chairman, EPCES

> "We have taken up the issue of inclusion of SEZ and EOUs under the newly announced RoDTEP scheme very strongly at all levels including Finance Ministry and Commerce Ministry"

Alok Vardhan Chaturvedi
Director General, EPCES

"We have requested Deptt for Promotion of Industry and Internal Trade (DPIIT) for covering our top 50 SEZs in their Industrial Park Ranking Survey (IPRS 2.0) to rank and identify regulatory and infrastructure constraints."

Dear Friends,

We are going through tough times. Everybody thought we are past Covid pandemic and we were looking forward to post Covid recovery with a double digit GDP growth. Jan-March 2021 quarter was in fact a good quarter, relatively speaking. However, this massive 'second wave' caught all of us unawares. It has threatened the short-lived recovery. Global rating companies are revising their India GDP growth forecast downwards. Recently S&P revised their FY 22 growth forecast from 11% to 9.8%.

Despite this and thanks to the recovery in last quarter, India's overall exports are estimated to be USD 493 Bn, down by 6.67% only with merchandise exports at USD 290.63 Bn (down by 7.26%) and services exports at USD 202.57 Bn (down by 5.78%) on YoY basis. It was heartening to note that non-petroleum and non-Gems and Jewellery exports registered a growth of 1.08%. Compared to this, overall exports from SEZs during FY 21 were at Rs 7,55,567 crore (about USD 102 Bn), down by 3.7% only, constituting roughly 20% of country's total exports. Merchandise exports from SEZs suffered heavily and were at 2,46,372 cr (USD 33 Bn) with a decline of 21% while services exports were better at 5,09,195 cr (USD 69 Bn) with a growth of 8 % on YoY basis. While Vishakhapatnam zone registered an impressive growth of 27% in merchandise exports on the strength of pharma exports, Kandla zone registered de-growth of 19% on account of declined in petroleum exports. Cochin SEZ performed poorly with a decline of 80% because of decline in Gems & Jewellery exports. The zone-wise, commodity-wise and country-wise details have been given on our website.

We have taken up the issue of inclusion of SEZs and EOUs under the RoDTEP scheme at every forum. We have taken up with Shri G K Pillai, the Chairman of RoDTEP Committee, with Hon'ble Finance Minister and Hon'ble Commerce and Industry Minister.

I am sure our knowledge partner, M/s Grant Thornton, is responding to the queries of our members in different whatsapp groups as well as through email. We have undertaken two studies – one by EnY on extension of ICEGATE to SEZs and other by PwC on contribution of SEZs in brining investment, new technologies, innovation, and employment in manufacturing sectors. Study by EnY has been submitted to the D/o Commerce and hopefully, it will result in substantial reduction in charges by SEZ Online. Other study will be submitted shortly.

We have requested Deptt for Promotion of Industry and Internal Trade (DPIIT) for covering our top 50 SEZs in their Industrial Park Ranking Survey (IPRS 2.0) to rank and identify regulatory and infrastructure constraints. We are also collaborating with the World Free Zones Organisation which has recently launched a new program called Empowering SMEs in Free Zones in partnership with Potential.com CISCO, AWS, Schneider Electric and other leading international organisations to support businesses adapt to the new market realities after the pandemic. I hope members will make use of the facility.

I am sure, you will find this edition informative and useful. We will look forward to your suggestions.

Best wishes,

Alok Vardhan Chaturvedi
Director General, EPCES

COMMERCE & INDUSTRY MINISTER MEETING WITH ALL EPCs

On 22nd March 2021, DGFT convened a virtual meeting at 3.00 P.M with Hon'ble Commerce & Industry Ministry Shri Piyush Goyal and all Export Promotion Councils. Sh. Amit Yadav, Director General of Foreign Trade, Officials from the Department of Commerce and DGFT etc., were present in the meeting with the Chairman of various Export Promotion Councils.

Meeting at a Glance

At the beginning, Director General, DGFT welcomed all the participants of this virtual meeting. DGFT shared their presentation for the day meeting activities highlighting the important issues on which the deliberation would be done through the course of the day. Thereafter, all the representatives of the councils put forward their views, suggestions and issues encountered by them before Hon'ble Commerce & Industry Minister Shri Piyush Goyal and respective DGFT officials.

Shri Bhuvnesh Seth, officiating Chairman, EPCES represented Export Promotion Council for EOUs and SEZs in this meeting. He expressed that, SEZs and EOUs cater to one-third of India's exports basket in almost all sectors of goods and services. This year, due to breakout of deadly pandemic COVID 19, till February 2021, Merchandise Exports from SEZs have declined by 27% and Services sector exports grew by 8 %. Container shortages faced by exporters have also contributed to declining in exports activities from India. Uncertainty about MEIS and lack of clarity about RoDTEP rates are also major contributory factors which have greatly affected exports. EPCES supports the creation of specific HSN codes for all major exports and imports in the "Others "category. An Important request from EPCES was made that Govt. of India should cover and include all SEZs and EOUs under the new RoDTEP scheme which is effective from 01/01/2021 but rates are yet to be notified for this scheme. SEZs and EOUs also pay various kinds of taxes and duties covered under the new RoDTEP scheme. There is no reason why such exporting units should not be covered under the new RoDTEP scheme. A formal proposal has been submitted to both Dept. of Commerce and Dept. of Revenue. Mr. Pillai Chairman RoDTEP committee has said that they have submitted a comprehensive report for rates for all products and it is a neutral report. It should cover all exporters for all sectors. It will be a Govt. of India decision as to which products or which categories to be covered or not under RoDTEP scheme. An earnest request was made to the Commerce & Industry Minister Shri Piyush Goyal, please take up this matter (RoDTEP) with our Finance Minister immediately to extend her kind help to all exporters community who are always at forefront for the growth of Indian economyandits GDP.

Shri Bhuvnesh Seth also informed that EPCES has conducted two studies one by PwC and the other by E&Y

Hon'ble CIM addressing EPCs

in respect of the contribution of non-IT SEZ units and for extension of ICEGATE to SEZs. Draft reports have already been shared with all stakeholders and the final report will be submitted soon after incorporating the comments received.

Further, Shri Bhuvnesh Seth requested that in our SEZs and EOUs processes for clearances of goods should be world-class and our Ease of Doing Business ranking should be no 1 in the world. EPCES has requested DPIIT to study and conduct a ranking of the top 50 SEZs as per the WB system so that it is comparable. They should also identify regulatory processes and procedures and identify infrastructure bottlenecks so that Govt. of India and State Governments can focus on improving them to help exporters.

> Shri Bhuvnesh Seth specifically expressed his request for the Equalization Duty / Duty-free for SEZs to DTAs supplies to promote Atmanirbhar Bharat as SEZs and EOUs are also in India and do provide great number of employments to our youth and they should be preferred over imports

Shri Bhuvnesh Seth specifically expressed his request for the Equalization Duty / Duty-free for SEZs to DTAs supplies to promote Atmanirbhar Bharat as SEZs and EOUs are also in India and do provide great number of employments to our youth and they should be preferred over imports. It was most humbly requested that Rupee payment for Services provided by SEZ units to DTA units and also FTWZ should be allowed to perform as multi-sector like SEZs. On the pattern of SEZ units, EOUs must also be exempted from payment of GST instead of refund as EOUs are primarily meant for 100% exports, and in any case, there will be a refund of GST. This will prevent blockage of the working capital of all such units and will help them to focus on key export markets throughout the world. The legal lacuna of double payment of custom duties and IGST, as well as SEZs Act should be modified and corrected suitably to help exporters community to leave no stone unturned left for the growth of exports for all key sectors from India.

Key points addressed by Hon'ble Commerce & Industry Minister Shri Piyush Goyal

Market Access: Hon'ble Commerce & Industry Minister Shri Piyush Goyal urged and requested to all the representatives from various councils to keep them updated on various countries trade implications, restrictions levied by the countries for Indian exporters and denying or upsetting them to gain the free flow of goods, obstructing their way to get access to their markets. He also suggested and mentioned that what are the ways available; what all they are troubling with, how deliberately they are performing with imposed restrictions within the norms of WTO. It has been decided, once detailed information will be received, there will tend to endeavor for resolving all such issues with the help of concerned countries through deliberations. If there will be no solution available, the same kind of restrictions would be followed up with the concerned countries' who exports their goods and services to us.

Oil and seed: It has been observed that oil and seed sectors are the areas, where rapid growth of export can be assured for Indian economy. We should look into our domestic consumption and it should be proportionate to exports. He also expressed his concern upon the illegal and corrupted oil practices and urged to set new best standards available to ensure the world-class quality and authenticity of edible oils and fats for the FSSAI to become ATAMNIRBHAR on this segment and match the best quality principles with the international standard set by the to increase our export growth. He also expressed that, International standards for vegetable oils are highly evolving. They provide a valuable internationally accepted database to us, which, apart from being useful for the assessment of product quality, is vital for verifying oil authenticity. He specifically mentioned that not only we should work upon cost competence, but should focus on the quality of the product of international standards.

Contemplation on Import: There was rapid growth calculated on the figures in import and export as compared to last year's data. Hon'ble Commerce & Industry Minister Shri Piyush Goyal expressed his concern over the increasing import figures for the third week of March (15-22 March 2021) where it was found per records & was pointed out that the maximum import of GOLD was imported during this period. He indicated, if such a surge of gold import would remain the same for the next couple of days to come then with no option, there will be a rise in import duty of gold.

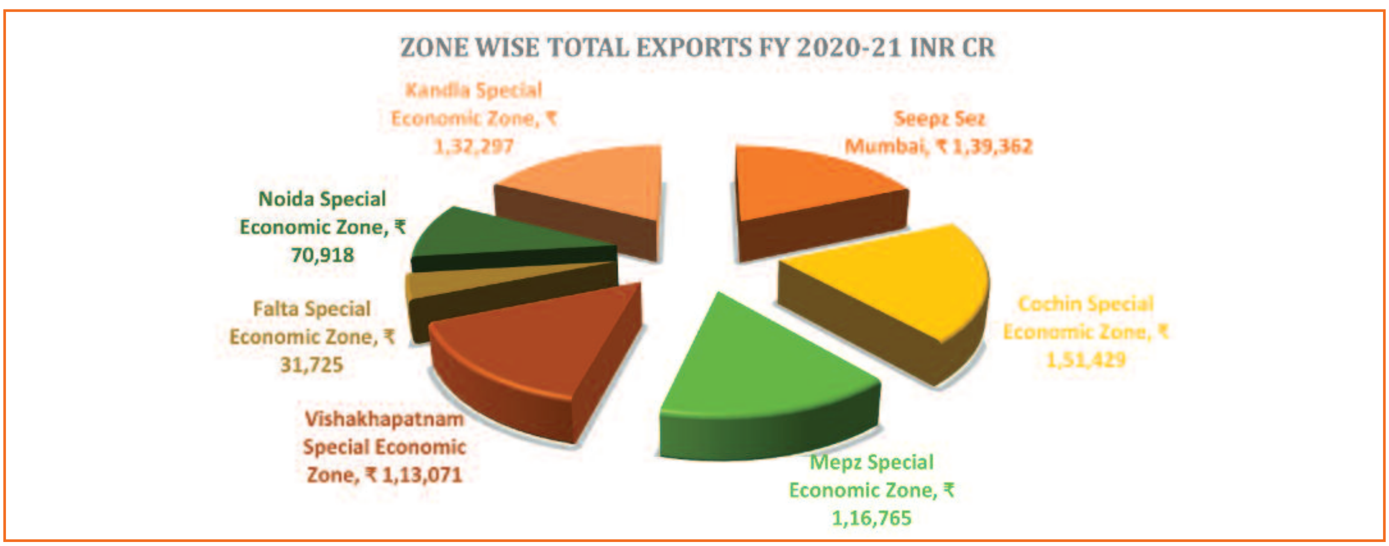
Export Target for the year 2021-22 should not be less than 25% of the growth of current year performance. Further, suggestions were asked from all the EPCs / Associations to provide a realistic target figure according to their respective sectors concerned.

Emphasis on ONE DISTRICT ONE PRODUCT (ODOP): ODOP is aimed at giving a major push to traditional industries synonymous with the respective districts of the state and optimize production, productivity and income, preservation and development of local crafts, promotion of art, improvement in product quality, and skill development. CIM specifically emphasized preservation and development of local crafts / skills and promotion of the art along with improvement in products quality and skill development and resolve the issues of economic difference and regional imbalance. Further, he suggested, we should not only depend on cost competitiveness but also work on the quality of the product to maximize the exports. Whereas Indian consumers are concerned our industries should work on world-class quality of products and services to minimize the gap of quality so that both can enjoy the same line of products.

Suggestions: Hon'ble CIM Urged for collective support from all the councils to provide suggestions for a hassle-free business environment and required more simplified export procedures. He specifically mentioned about, "How can we create an eco-system of trust by self-regulation, self-attestation, self-certification and eliminate any sort of criminalization which is there in the law, so we can provide comfort and expand our export business, please write to us, kindly provide suggestions to improve the regulatory eco-system to help for increasing the exports from India".

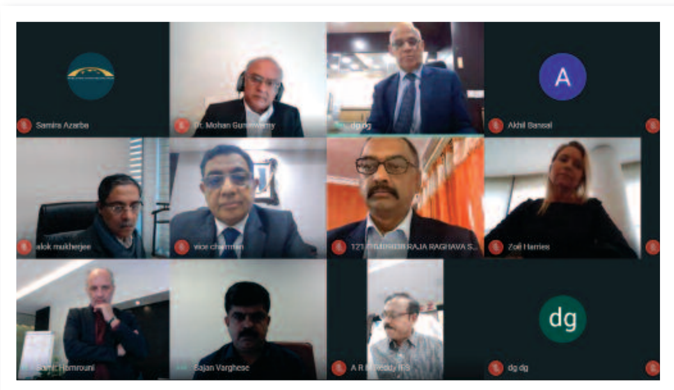
Concluding remarks

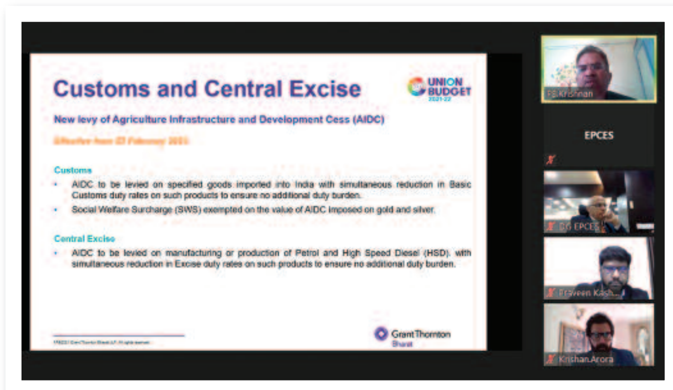
Commerce & Industry Minister Shri Piyush Goyal mentioned that Govt. of India is taking all these stakeholders meetings very seriously and meaningful discussion have happened today on a wide-range of trade-related matters. He remarked that such deliberation would make the participants more aware and help them to make full use of the various provisions available to their business benefit. In the end, he thanked all the participants for their active participation. ■



EPCES collaborates with the World FZO

Sh. Bhuvnesh Seth, Vice Chairman, EPCES and Sh. Alok V Chaturvedi (Retd IAS), Director General, EPCES along with Sh. Srikanth Badiga, Board of Director of World Free Zones Organization and member, CGG, EPCES have jointly announced the partnership between EPCES and the World FZO for mutual cooperation in the Global Free Trade ecosystem





A view of an EPCES meeting with World FTO

EPCES has collaborated with the World FZO, a global platform voicing the interests of free zones across the globe and headquartered at Dubai, to promote the Global Free Trade ecosystem in the country. The collaboration is aimed at promoting Indian exports through seminars and conferences to identify opportunities in export markets for various products across the globe. The World FZO will also help in establishment of good governance practices and systems including custom clearances and promoting fair businesses. The partnership will assist identifying and developing new ports infrastructure aimed at fostering better connectivity to hinterlands in the country.

The EPCES and World FZO affiliation will support existing and new businesses in India to gain better knowledge of the global export market potential thus reviving the overall fall in exports during the year. The platform will connect the existing Indian business players to World FZO members involved in manufacturing, services, trade promotion councils, chamber of commerce and industry, investors, policy makers and other government officials. We are envisaging the dual benefits of comprehensive and holistic perspectives for Indian businesses by leveraging partnerships, knowledge support, business and market intelligence, key policies and procedures, best know-how of practices through this collaboration.

EPCES hopes that this collaboration will be fruitful for multiple SEZ players in the country in the near and medium term, while ensuring ease of governance, globally acclaimed best trade practices thus paving the way for huge inbound and outbound investments over the long run. ■

Webinar on Union Budget 2021–Key Updates and Q&A session on SEZs/EOUs

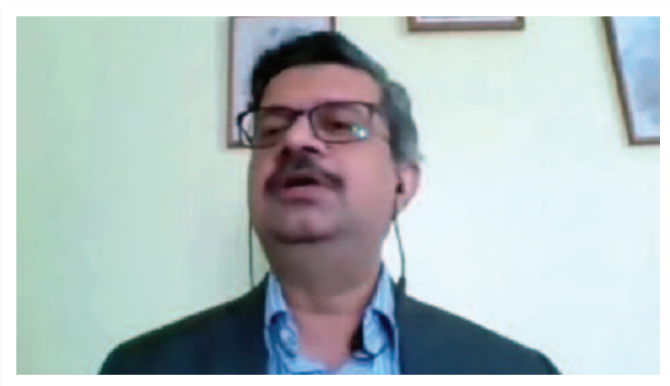
DG EPCES with Sh. Krishan Arora addressing the participant in the webinar

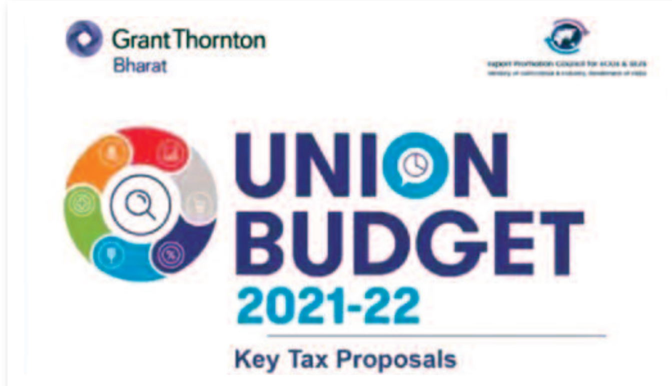
A webinar on Union Budget 2021- Key Updates and Q&A Session on SEZs/EOUs was organized by Export Promotion Council for EOUs and SEZ (EPCES), in association with its Knowledge Partner Grant Thornton on 4th February 2021 from 03.00 P.M. to 05.00 P.M. in presence of Director General of EPCES Sh. Alok Chaturvedi, Sh. Sridhar R, Partner, Grant Thornton Bharat LLP, Sh. Krishan Arora / Sh. PS Krishnan - Partners, Grant Thornton Bharat LLP. The meeting was attended by many of our exporter members from various units of SEZs and EOUs, including members of various Export Promotion Councils, members of industrial associations, exporters and MSMEs.

At the outset Sh. Alok Chaturvedi DG EPCES welcomed all distinguished guests and participants for joining in this highly awaited and anticipated webinar. He especially expressed his gratitude to the Grant Thornton Bharat LLP team and appreciated them for organizing such an important and valuable session to present key updates in the recently announced Union Budget 2021-22.

Sh. Sridhar R - Partner, consulting representative from Grant Thornton Bharat LLP, explained the key updated factors related to direct taxation which was being introduced in the Union Budget 2021-22. He explained through a presentation about important takeaway on PF and ESI contributions, tax audit, TDS on purchase of goods, higher TDS/TCS in certain cases, depreciation on 'goodwill, reassessment provisions, dispute resolution, [introduction of interim board for settlement (Interim Board), Income Tax Settlement Commission (ITSC) to be discontinued and the same shall be replaced by one or more Interim Boards, etc.), equalization levy on e-commerce operators, Minimum Alternate Tax (MAT), start-ups (capital gains tax exemption on the transfer of residential property…], slump sale definition amended and many other important key proposals were discussed.

Subsequently Sh. Krishan Arora / Sh. PS Krishnan, consulting representatives from Grant Thornton, undertook a fruitful session on Indirect Taxation and explained many inessential amendments which took place in the Union Budget 2021-22, such as Goods and Service Tax (GST) Amendments - for zero-rated supplies, self-certification of reconciliation statement, additional condition to avail Input Tax Credit (ITC), widening the scope of self-assessed tax, changes in assessment procedures, power to call information similarly with respect of Customs amendments. Sh. P S Krishnan explained amendments of Customs (import of goods at concessional rate of duty) Rules, 2017 (IGCR Rules) which allows 100% out-sourcing for the manufacture of goods on job work imported capital goods used for the specified purpose to be cleared on payment of differential duty, along with interest, on the depreciated value. Further, he





Sh. PS Krishnan addressing the query of the member during the webinar

briefed on Rules about Anti-Dumping Duty, Safeguard Duty and Countervailing Duty that have been amended to bring further operational clarity and also explained new levy of Agriculture Infrastructure and Development Cess (AIDC), new central sales taxes provisions, and many other provisions that are in discussion stage. Afterward, there was a question and answer session that was held and all the experts interacted with participants effectively. Many participating members raised their queries/questions and received valuable inputs from our subject experts.

While delivering the closing remarks, Sh. Alok Chaturvedi, DG, EPCES expressed thanks to all participants for their valuable deliberations and reiterated that EPCES will organize more such webinars to create awareness among our members and will stand with our exporter fraternity to build a hassle-free environment for enlightening our SEZ and EOU units relentlessly. He also informed that the recording and presentations of this webinar will be made available on the EPCES website at www.epces.in. The webinar ended with a vote of thanks by DG EPCES. ■

Redesigning the SEZ policy and Reviving Exports: Learning from the MOOWR Scheme

By Sunil Rallan, CGC Member, EPCES

Indian exporters are going through one of the most uncertain times in history. The merchandise trade has reduced from US$ 788 billion in 2019-20 to US$ 275 billion in 2020-21. Reviving exports is now a priority for the Government. The Honourable Prime Minister, Shri Narendra Modi has called for "Atmanirbhar Bharat Abhiyan" or 'self-reliant India' which focuses on making India "a bigger and more important part of the global economy". This call comes at a time when 15 countries including Association of Southeast Asian Nations (ASEAN), China, Japan, Korea, Australia and New Zealand signed the mega regional agreement Regional Comprehensive Economic Partnership (RCEP), which India has decided not to be a part of.

Sunil Rallan

The government is taking a number of measures to make India a part of the global value chains but unfortunately special economic zones (SEZs), which have transformed China and many ASEAN countries into global production hubs, still remains neglected in policymaking. India has been one of the pioneer countries to set up an SEZ in Kandla, Gujarat, in 1965. To attract private and foreign investment, the SEZ Act was implemented in 2005, supported by the SEZ rules, which came into effect on February 10, 2006. As of January 2021, there are 265 operational SEZs which include 25 multi-product SEZs and 240 sector-specific SEZs. While more than 140 countries in the world have SEZs, India ranks among the top 10 countries in terms of the number of SEZs approved and operational. However, in India, majority of the

SEZs are in the information technology (IT)/information technology-enabled services (ITeS) sectors. India has not been successful unlike countries such as China, Republic of Korea or Thailand in using its SEZs to be a part of the global value chain in manufacturing. This is because the Indian SEZ policy is not compliant with the World Trade Organization's (WTO) Agreement on Subsidies & Countervailing Measures, also known as the SCM Agreement.

As a founding member of the WTO, India has to abide by the WTO agreements to which it is a signatory. While the SCM Agreement does not mention SEZs explicitly, various rules within it apply to the governance and regulatory structure of these zones, more specifically the provision of fiscal incentives in the form of subsidies. Under this agreement export-linked subsidies are prohibited subsidies and WTO members like India which have reached a certain per capita income threshold cannot give such subsidies. In India, a number of fiscal and non-fiscal incentives are given to SEZ developers and units under the SEZ policy. However, in order to avail the fiscal benefits, the units located in SEZs must fulfill the mandatory requirement of being positive net foreign exchange (NFE is calculated on a cumulative basis for the first five years of operation) earners in a block of five years. This condition makes it an export-contingent fiscal incentive that has been referred to as a prohibited subsidy under the WTO's SCM Agreement. In 2018, the United States of America (USA) took India to the World Trade Organization's (WTO) Dispute Settlement Body regarding this export linked subsidy given to SEZ units. On October 31, 2019, India lost the case in the WTO and the Dispute Board agreed that the subsidies given by India to the SEZs are prohibited subsidies. Subsequent to this, the Department of Commerce, Ministry of Commerce and Industry, has engaged in extensive consultation to redraft India's SEZs policy. However, the new policy is still not in place, keeping our SEZ units in an uncertain situation and delaying investment in manufacturing SEZs.

Globally, over 140 countries have SEZs and most of the WTO members have made their SEZ incentives WTO compliant. Hence, there are several ways in which WTO compliant incentives can be given and India can learn from these examples

Globally, over 140 countries have SEZs and most of the WTO members have made their SEZ incentives WTO compliant. Hence, there are several ways in which WTO compliant incentives can be given and India can learn from these examples. Within India, the Manufacture and Other Operations in Warehouse Regulations ("MOOWR Scheme"), which came in 2019 has addressed majority of the concerns of SEZ developers and units and is also WTO complaint.

The MOOWR scheme is designed for Customs-bonded manufacturing-cum-warehousing of the Central Board of Indirect Taxes and Customs (CBIC), Ministry of Finance. There are multiple reasons why this scheme is better designed than the incentives under the SEZ policy and can help to attract investment in manufacturing and create value addition within the country.

First, unlike the SEZ policy, the MOOWR scheme incentives are delinked from an export obligation. Hence, there is no issue of export-linked prohibited subsidies, which has been challenged by a number of Indian trading partners like the European Union (EU) and Canada, apart from the USA. Given that India has already lost the case in the WTO, there is an urgent need to delink SEZs fiscal incentives from export obligations and in this context the MOOWR schemes provides the way forward.

Second, goods from the SEZs can be sold to the Domestic Tariff Area (DTA) only after meeting the export obligations. There is no such requirement in the MOOWR scheme. This needs to be looked in the context of the recent coronavirus (COVID-19) related global supply chain disruptions and lockdowns where our exporters could not export and had to depend on the domestic market for survival. The SEZ policy needs to be adaptive to current global realities and trade uncertainties.

Third, in both the SEZs and the MOOWR scheme, imported goods can be stored in a warehouse without payment of duty and the applicable duty is required to be paid only at the stage of their clearance from the warehouse. If these imported inputs are utilised for exports, the deferred duty is exempted. However, in SEZs when sales are made to the DTA, duty is charged on the entire value, including the local value addition inside the SEZ, while under the MOOWR scheme only the goods and components which are duty free imports are liable of duty while labour and value addition in India is not subject to Customs duty. The revised SEZ policy needs to look into this issue and encourage value addition in the country for the success of the "Make in India" initiative of the Prime Minister. Further, India has signed Free Trade Agreements

with countries like Sri Lanka, Japan, South Korea, and ASEAN (Association of South-East Asian Nations), under which India exempts or allows concessional rate of customs duties on many products which is not applicable in SEZ. This needs to be rectified. SEZs should have the benefits of the zero or concessional Custom duty rates offered under the trade agreements of India.

Fourth, reverse job work is allowed under the MOOWR scheme, while there is no clarity under the SEZ policy. To explain reverse job work, let us take the example of a German company which has relocated one of its manufacturing units to an SEZ in Tamil Nadu from China and would like to relocate more units from China to India. This company manufactures state-of-the-art gear boxes for use in windmills. While the company wants to shift the entire production from China to India, the gear boxes, which had been imported into India along with the windmills have to be sent to China for servicing simply because reverse job work is not permitted in Indian SEZ units for their DTA clients. This results in delays and huge costs. India is now focusing on electronics goods manufacturing and many foreign companies are evaluating the Indian SEZs for such manufacturing and relocating their supply chains from China. However, they are very worried about not been able to do reverse job work and service their DTA clients, which has to be delivered only from their overseas factories. Servicing is a key value addition in terms of employment generation, and it should be done in India. This would have also motivated the foreign companies to shift their manufacturing cum servicing centres to Indian SEZs, making our SEZs a success story and make India "Atmanirbhar Bharat".

If SEZ units are allowed to supply to the DTA on payment of the required duty, on the one hand, units located in SEZs will become cost competitive, while on the other hand, value addition will be in India. Hence, there is a need to have a clear and transparent policy on reverse job work in SEZs.

Fifth, a number of studies, such as Mukherjee et al's Special Economic Zones in India, have shown that multiple schemes can be counterproductive, unless they are aligned, and NITI Aayog has also called for aligning and pruning down the number of schemes. The MOOWR scheme is applicable to a unit which may be Standalone or located in a DTA Industrial Cluster.

If the benefits given under MOOWR scheme are given to units in SEZs, not only SEZs will be WTO compliant but also there will be more value addition, investment in manufacturing and job creation within India. This will help India to become a production hub for global manufacturers.

To conclude, it has now been more than three years since the Ministry of Commerce and Industry is aware that the SEZ policy should be redrafted. Why can't the fiscal benefits to SEZ units be simply aligned with the MOOWR scheme? This is a scheme of the Ministry of Finance so there will be an automatic buy-in from them. It will not only remove all uncertainties for SEZ investors but also address their concerns of multiple overlapping schemes and policies. It will significantly improve ease of doing business, attract foreign investment in manufacturing and create jobs. More importantly it is aligned to both the "Make in India" and "Atmanirbhar Bharat" initiative. ■

Four Options for Manufacturing in India

The Manufacturing Under Customs Bond scheme can lead to substantial savings for firms, but it has its pain points

By Ajay Srivastava, Additional DGFT, New Delhi

In November last year, the government announced the Production Linked Incentives (PLI) scheme for promoting manufacturing in 10 sectors. The initial response indicates that many new large-scale factories would soon be set up in the PLI supported product groups.

The government provides four broad options for manufacturing in India. Selection of appropriate options results in substantial cost savings. The options are: (i) Domestic Tariff Area (DTA), (ii) Special Economic Zones (SEZ), (iii) 100 percent Export Oriented Units (EOU), and (iv) Manufacturing Under Customs Bond (MUCB).

To simplify, we use the example of Ria. She plans to set up a garment factory to convert fabrics into shirts for sale in India and abroad. Ria needs garmenting machines to set up the factory. Then she needs to buy fabric regularly for making shirts.

The first option before Ria is to set up a factory in DTA. A factory set up anywhere in the country outside the select areas like SEZs, EOUs is considered a DTA unit. Here are the cost implications.

If Ria buys machinery or fabric from the local market, she needs to pay GST besides the price. If Ria imports, she has to pay the basic customs duty and Integrated GST (IGST) in addition to the product's price. If Ria sells shirts in the Indian market, she pays GST on the value-added part. In sum, Ria pays all applicable taxes, no exemptions.

But, costs are lower if Ria exports. She can then import fabric and machinery without payment of Basic Customs duty and IGST using the Duty Exemption schemes. Advance Authorization scheme for inputs and Export Promotion Capital Goods Scheme for machinery.

Ria can also use duty paid inputs for making shirts. Then she will get a refund of duties under the Drawback and RODTEP (Remission of Duties and Taxes on Exported Products) schemes. Most firms in India operate under DTA using these schemes.

The second option before Ria is to set up a factory in a nearby SEZ.

She can then import or buy machinery and fabric from the Indian market duty-free. She can export without paying any taxes. For selling shirts in the Indian market, Ria needs to pay Customs duty and GST as applicable on the Shirt. Government charges the same duties on an imported shirt.

Third, Ria sets up an EOU. While SEZs are large areas that house many units, an EOU is just one unit. Benefits for an EOU are at par with those in SEZs except the domestic sourcing where GST has to be paid on the inputs.

Fourth, Ria sets up a unit under the MUCB scheme, which allows the import of inputs and capital goods duty-free under a duty deferment plan. A firm can register its unit with the Central Board of Indirect Taxes (CBIC). There is no physical control, and the unit is subject to risk-based audits. ■

How Importing and Exporting Impacts the Economy

In today's global economy, consumers are used to seeing products from every corner of the world in their local grocery stores and retail shops. These overseas products—or imports—provide more choices to consumers. And because they are usually manufactured more cheaply than any domestically-produced equivalent, imports help consumers manage their strained household budgets.

When there are too many imports coming into a country in relation to its exports—which are products shipped from that country to a foreign destination—it can distort a nation's balance of trade and devalue its currency. The devaluation of a country's currency can have a huge impact on the everyday life of a country's citizens because the value of a currency is one of the biggest determinants of a nation's economic performance and its gross domestic product (GDP). Maintaining the appropriate balance of imports and exports is crucial for a country. The importing and exporting activity of a country can influence a country's GDP, its exchange rate, and its level of inflation and interest rates.

A trade surplus contributes to economic growth in a country. When there are more exports, it means that there is a high level of output from a country's factories and industrial facilities, as well as a greater number of people that are being employed in order to keep these factories in operation. When a company is exporting a high level of goods, this also equates to a flow of funds into the country, which stimulates consumer spending and contributes to economic growth.

How Imports and Exports Affect You

When a country is importing goods, this represents an outflow of funds from that country. Local companies are the importers and they make payments to overseas entities, or the exporters. A high level of imports indicates robust domestic demand and a growing economy. If these imports are mainly productive assets, such as machinery and equipment, this is even more favourable for a country since productive assets will improve the economy's productivity over the long run.

A healthy economy is one where both exports and imports are experiencing growth. This typically indicates economic strength and a sustainable trade surplus or deficit. If exports are growing, but imports have declined significantly, it may indicate that foreign economies are in better shape than the domestic economy. Conversely, if exports fall sharply but imports surge, this may indicate that the domestic economy is faring better than overseas markets.

For instance, the U.S. trade deficit tends to worsen when the economy is growing strongly. This is the level at which U.S. imports exceed U.S. exports. However, the U.S.'s chronic trade deficit has not impeded it from continuing to have one of the most productive economies in the world.

However, in general, a rising level of imports and a growing trade deficit can have a negative effect on one key economic variable, which is a country's exchange rate, the level at which their domestic currency is valued versus foreign currencies.

Impact on Exchange Rates

The relationship between a nation's imports and exports and its exchange rate is complicated because there is a constant feedback loop between international trade and the way a country's currency is valued. The exchange rate has an effect on the trade surplus or deficit, which in turn affects the exchange rate, and so on. In general, however, a weaker domestic currency stimulates exports and makes imports more expensive. Conversely, a strong domestic currency hampers exports and makes imports cheaper.

For example, consider an electronic component priced at $10 in the U.S. that will be exported to India. Assume the exchange rate is 50 rupees to the U.S. dollar. Neglecting shipping and other transaction costs such as importing duties for now, the $10 electronic component would cost the Indian importer 500 rupees.

If the dollar were to strengthen against the Indian rupee to a level of 55 rupees (to one U.S. dollar), and assuming that the U.S. exporter does not increase the price of the component, its price would increase to 550 rupees ($10 x 55) for the Indian importer. This may force the Indian importer to look for cheaper components from other locations. The 10% appreciation in the dollar versus the rupee has thus diminished the U.S. exporter's competitiveness in the Indian market.

At the same time, assuming again an exchange rate of 50 rupees to one U.S. dollar, consider a garment exporter in India whose primary market is in the U.S. A shirt that the exporter sells for $10 in the U.S. market would result in them receiving 500 rupees when the export proceeds are received (neglecting shipping and other costs).

If the rupee weakens to 55 rupees to one U.S. dollar, the exporter can now sell the shirt for $9.09 to receive the same amount of rupees (500). The 10% depreciation in the rupee versus the dollar has therefore improved the Indian exporter's competitiveness in the U.S. market.

The result of the 10% appreciation of the dollar versus the rupee has rendered U.S. exports of electronic components uncompetitive, but it has made imported Indian shirts cheaper for U.S. consumers. The flip side is that a 10% depreciation of the rupee has improved the competitiveness of Indian garment exports, but has made imports of electronic components more expensive for Indian buyers.

When this scenario is multiplied by millions of transactions, currency moves can have a drastic impact on a country's imports and exports.

Impact on Inflation and Interest Rates

Inflation and interest rates affect imports and exports primarily through their influence on the exchange rate. Higher inflation typically leads to higher interest rates. Whether or not this results in a stronger currency or a weaker currency is not clear. Traditional currency theory holds that a currency with a higher inflation rate (and consequently a higher interest rate) will depreciate against a currency with lower inflation and a lower interest rate. According to the theory of uncovered interest rate parity, the difference in interest rates between two countries equals the expected change in their exchange rate. So if the interest rate differential between two different countries is two percent, then the currency of the higher-interest-rate nation would be expected to depreciate two percent against the currency of the lower-interest-rate nation.

However, the low-interest-rate environment that has been the norm around most of the world since the 2008-09 global credit crisis has resulted in investors and speculators chasing the better yields offered by currencies with higher interest rates. This has had the effect of strengthening currencies that offer higher interest rates.

Of course, since these investors have to be confident that currency depreciation will not offset higher yields, this strategy is generally restricted to the stable currencies of nations with strong economic fundamentals.

A stronger domestic currency can have an adverse effect on exports and on the trade balance. Higher inflation can also impact exports by having a direct impact on input costs such as materials and labor. These higher costs can have a substantial impact on the competitiveness of exports in the international trade environment.

Economic Reports

A nation's merchandise trade balance report is the best source of information to track its imports and exports. This report is released monthly by most major nations.

The U.S. and Canada trade balance reports are generally released within the first ten days of the month, with a one-month lag, by the U.S. Department of Commerce and Statistics Canada, respectively.

These reports contain a wealth of information, including details on the biggest trading partners, the largest product categories for imports and exports, and trends over time. ■

The MUCB scheme offers three benefits over other schemes

One, lower import duty liability on domestic sale of the output: Under the SEZ scheme, Ria, at the time of domestic sale of Shirt, has to pay Basic Customs duty and GST. But under the MUCB scheme, while she pays GST on the Shirt, and Basic Customs duty on the fabric. Since both value and import duties are less on the raw materials than on the finished product, this will result in a considerable saving to the MUCB units.

Two, facility of duty-free import of machinery for making products for sale in India: A DTA unit pays both the Basic Customs Duty and IGST if it imports capital goods for use manufacturing goods for domestic sale.

But under MUCB, duty-free import of machinery for making shirts for sale in India is allowed. As long as the machinery stays inside the bonded area, it can be used for making products for sale in the domestic market, leading to significant cost savings.

Three, no linkage between export and import: Units operating under the SEZ and EOU schemes exports should be more than imports—no such binding for units in the MUCB scheme.

The MUCB scheme has few soft spots. One, it favours imports over domestic sourcing. Two, it makes the import duty protection on capital goods ineffective by allowing duty-free Import of capital goods for making products for the domestic market adversely impacting the domestic capital goods industry.

To avoid policy-hopping, all schemes must provide similar incentives, but in reality firms can save money using the available arbitrage as mentioned above.

—Shri Ajay Srivastava
Additional DGFT, New Delhi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SEZs – A GATEWAY FOR FREE FLOW OF FOREX AND FDI

By K K Pillai, President of Cochin Special Economic Zone Industries Association (CEPZIA)

One of the important initiatives of the Government of India in export promotion is the export promotion zones. The first of such zones was the Kandla Free Trade Zone, in fact Asia's first zone, set up in Kandla Gujarat in 1965 (presently called the Kandla SEZ). This was soon followed by the Santa Cruz Electronic Export Processing Zone set up in 1973 (this was a uni-product zone, at the time of commencement).

The year 1984 saw the starting of four such zones, at Falta FEPZ (West Bengal), Madras (MEPZ in Tamil Nadu), Noida NEPZ (Uttar Pradesh) and Cochin CEPZ (Kerala). Among the factors that weighed in favor of the identification of Cochin was the fact that it has an excellent port located in the international ship routes. Besides, Cochin town is relatively developed with industrial culture in the state of Kerala.

Once the decision was taken to set up such a zone at Cochin, measures were taken to market the concept among the investing export production community. First was to involve the local chambers of commerce, who responded enthusiastically. The print media were not left behind in these marketing efforts. The concept being new, clarifications were needed in many critical areas of concern. Hence, an open-house discussion was organized, in which the Additional Secretary to the Government of India in the Ministry of Commerce participated. The enthusiastic involvement of the prospective entrepreneurs greatly impressed the Additional Secretary. This was especially so, when the physical infrastructure was still to be in place. Encouraged by the responses, the involvement of the Federation of Indian Exporters Organization was also ensured. The head of the American Consulate in Chennai and French officials visited the zone to obtain first-hand knowledge. Besides these local initiatives, the Joint Secretary of the Ministry of Commerce led a team of the Development Commissioners to selected countries in Europe, where the Development Commissioners made a presentation of their respective zones.

K K Pillai receiving reward from Venerable A P J Abdul Kalam

To make the zone a ground reality, active follow up measures were undertaken. Adequate supportive measures were extended by the State Government also. These involved, inter-alia, measures like expeditious land acquisition, dedicated power sub-station, water supply, road infrastructure, mechanism to resolve industrial disputes, etc. Till a regular office was set up, the State Government extended the services of the SIDECO to provide intermediate office infrastructure. Concurrently, the local office of the Deputy Chief Controller of Imports and Exports, another organization of the Ministry of Commerce having presence in Cochin, chipped in. More importantly, the state Government nominated the then Kerala State Construction Corporation to undertake the construction of the infrastructure for the Zone.

The commencement of the operations was not without initial hiccups leading to avoidable delays and uncertainties. Mention must be made about the industrial relations. One of the most important and critical activities was the construction of a compound wall enclosing the zone area, a pre-condition for the necessary Customs and Central Excise declaration. Disputes arose when the compound wall construction started. The State Government dealt with the problem quite firmly and positively. Another problem related to the materials handling charges to be levied inside the zone. It must be said to the credit of both the State Government and entrepreneurs that these did not substantially affect the functioning of the zone at that time.

Despite these hiccups the entrepreneurial enthusiasm was not found wanting. Units did come up, though may not be at the desired phase. Certain important developments worth mentioning relate to the setting up of a tissue culture unit here, possibly the first in any export processing zone in the world. Another development related to the plethora of applications that were made to put up hand gloves units, in response to the AIDS scare all over the world.

According to a Chinese saying, "a journey of a thousand miles starts with a single step". It is such a step that we took in the initial years. One is happy that the journey has begun and covered miles and miles ever since. ■

How Government of India policies can be important and helpful to develop an Industry base in the entire country?

Government policies are the most important factor in order to develop any country's economy and industry except for the Information Technology sector and ITeS or other services sector such as Travel & Tourism, Education and medical.

Take the case of classic examples of India and China's economy. India and China stood at the same per capita income (measured in nominal terms) level in 1980. However, after passing a glorious 40 years down the line, the Chinese per capita income is now more than 5 times the Indian per capita income. What was the reason for this phenomenal growth of their economy? How did it happen to their economy? The only reason for this superlative high growth of their economy is that Chinese policymakers developed and adopted and provided best world class infrastructure facilities with progressive policies to boost their manufacturing sector and to generate mass employment for their youths with providing the right kind of training and education. They worked with utmost honesty for the development of the economy and welcomed Foreign Direct Investment (FDI) and technology with open arms and entrepreneurs were given a red-carpet welcome. This resulted in a massive growth of the Chinese economy.

On the other hand, the Indian government or our policymakers liberalized the industry in late 1991 under the dynamic leadership of the then Prime Minister Mr. P V Narasimha Rao and Finance Minister Dr Manmohan Singh and that resulted in a boom in the Information Technology, Telecom sector, other services sectors. These services sectors grew mainly because of the hardworking Indian young entrepreneurs. The Government of India just lifted the license raj for some core industry towards ease of doing business in India during this period.

Our, Indian politicians, policymakers or successive governments of the day failed to pay attention to the manufacturing sector. Without growth in the manufacturing sector, India cannot dream of generating millions of jobs for our youths, and the Indian economy cannot grow at 10%+ GDP growth as estimated by our glorified senior bureaucratic officials.

It is true that manufacturing requires hell of patience, planning and it is a tough and long path for policymakers and entrepreneurs to taste the sweet rewards of success. It takes years of sustained efforts and sweat to produce desired results. Some of our Indian politicians and policymakers lack this basic quality in them since independence. Neither can they focus or invest the nation's hard-earned resources (generated through Direct – Income Tax and Indirect Taxes such as Custom & Excise Duty, GST etc.) in the core manufacturing sector. Nor can they develop favorable industry / trade friendly policies for the entire (MSME) manufacturing sector. Why? Because: it takes a considerable long time with dedicated efforts by all to grow the economy of the country? Our Indian politicians and policymakers would rather invest the nation's hard-earned resources into the consumption or vote-catching schemes to win elections after elections. Their primary goal is to win elections and not the growth of this wonderful country called India. Therefore, our Indian economy will continue to be a laggard.

A long way ahead to getting the recovery

With the exception of a stressed financial sector, India went into the corona virus crisis with sound economic fundamentals. The lockdown in response to the threat of the virus created unprecedented friction in transactions between buyers and sellers of goods and services as well as of inputs, including labour. The friction afflicting transactions in goods and services constituted a demand-side shock while that in inputs, a supply-side shock. The greater the degree of this friction in an economic sector or geographical region, the greater was the severity of the shock. Influenced by the large fiscal stimuli announced by developed countries such as the United States, Japan and Germany, the vast majority of commentators had called for a similar fiscal expansion in India immediately after the announcement of the lockdown on March 24, 2020. At the time, we all had been sided with the minority view that India should refrain from a large fiscal expansion and limit additional expenditure to providing the necessities of life, such as food and shelter, to all. The logic behind this was twofold. One, with buyers and sellers of goods and services unable to transact, fiscal expansion could not translate into demand. And two, even if the expansion could add to demand, with the buyers and sellers of inputs, including labour, unable to transact, a demand stimulus could not induce a supply response. In the event, the government wisely chose a limited fiscal intervention. The experience of India and other countries since the onset of the crisis vindicates the choice made by the government. During the April-June quarter, when the lockdown in India was extremely strict, the GDP (gross domestic product) declined sharply, by 23.9 per cent over the corresponding months in the previous year. Similar declines in quarterly GDP were observed in countries in Europe that had been severely impacted by the coronavirus: 22.1 per cent in Spain, 21.7 per cent in the UK and 17.7 per cent in Italy. In the United States, which imposed minimal restrictions on the movement of people and where the crisis was geographically concentrated in a handful of states during the April-June quarter, the decline was less sharp, at 9-10 per cent. The pattern of decline across sectors within India brought further evidence of the close link between the coronavirus induced health crisis and economic performance. Agriculture, which had largely escaped the lockdown restrictions, grew at its trend rate of 3.4 per cent in the April-June quarter. But sectors in which transactions broke down were hit much harder: construction fell by 50.3 per cent; trade, hotels, transport, communication and services related to broadcasting by 47 per cent; manufacturing by 39.3 per cent and mining and quarrying by 23.3 per cent. Equally, the economy returned to the path of recovery as the ability of buyers and sellers to transact improved with the gradual restoration of people's mobility outside their homes. The reduction in GDP in the July-September quarter fell to 7.5 per cent. Once again, agriculture grew 3.4 per cent. Electricity and other utility services bounced back to a positive growth of 4.4 per cent from a decline of 7 per cent in the preceding quarter. Manufacturing too moved into positive territory, growing at a modest 0.6 per cent. Though construction remained in the negative zone, the fall in it was limited to 8.6 per cent. Predictably, trade, hotels, transport, communication and services related to broadcasting fell the most, at 15.6 per cent. ■

Extension of alternate mechanism for resolving invoice mismatch errors in shipping bills

The Central Board of Indirect Taxes and Customs (CBIC) had observed that there are numerous shipping bills with invoice mismatches between the GST returns data and customs data that is presented along with the bills. This is resulting in an SB005 error and blocks the Integrated Goods and Services Tax (IGST) refund disbursal, which is otherwise fully automated, except for the refund scroll generation. To address the issue, the CBIC had provided a facility for resolving invoice mismatch errors with officer interface as an alternative measure. However, it noticed that the quantum of shipping bills pending on account of such errors being committed by the trade have come down significantly, but still, it is occurring in some cases resulting in the holdup of IGST refunds. Therefore, as a measure of trade facilitation, it has been decided to keep the officer interface available permanently to resolve such errors on payment of a specified fee by the exporter. The exporter may avail the facility of correction of Invoice mismatch errors (error code SB005) in respect of all past shipping bills, irrespective of their date of filling, by following the procedure as provided. Such facility shall be available subject to payment of INR 1,000/- as a fee towards such rendering of service by customs officers for correlation and verification of the claim effective from 17 February 2021.

Essential skills every entrepreneur should possess for his / her success

by Ashok Bakshi

An entrepreneur by default should always possess excellent communication skills and command over local language with high vocabulary and kind-hearted words to give comfort feelings to everyone so that they can deliver their idea to Millions of People across the globe and they are attached or touched by that Innovation. An ever energetic entrepreneur can learn this thing from Late Mr. Steve Jobs (Apple), as he was the master of masters in delivering his ideas and was highly successful with connecting to the customer for their services and manufactured products.

An entrepreneur should have desires for learning new skills to enhance his / her knowledge in this cut throat competitive world. They should be fast learners and they should keep learning with every breath all the time. This is one of the most important things that every entrepreneur should know and we can learn this skill from well-known entrepreneurs like Mr. Bill Gates of Microsoft and Mr. Warren Buffet who keep reading books all the time and keep learning new things to develop new skills.

An entrepreneur should remain full of Innovative Ideas for the all-round development of the organisation and they should always keep innovating with new ideas for the world towards the welfare of humanity and mankind. We can learn this from well-known, dynamic entrepreneurs such as Mr. Elon Musk who are revolutionizing the world of e-vehicles.

An entrepreneur should remain persistent in performing excellent work for the organisation. Success cannot be achieved in a single day or week but we have to keep working persistently for years and decades to achieve milestones. We can learn from every entrepreneur around the world but one of favourite and most glaring example is that of Mr. Jack Ma who failed so many times in his life and yet he made things big and comfortable by just working persistently for the growth of his enterprise, and became a household name all over the world.

Last, but not the least, an entrepreneur should remain ever passionate about each and everything that what all he / she is doing at his / her level best for the growth of the company. We can learn this from Mr. Mark Zuckerberg (Facebook), that how a boy keeping his focus from a small dorm room can revolutionize the social media world.

Mistakes entrepreneurs or start-up founders should avoid?

Not getting along or interacting well with your business associates, employees and statutory Government officials for the growth of business. Remember an entrepreneur is smart enough when 2 smart people (1+1 = 2 or with positive thinking it could be 11) can have disagreement on many issues which can hamper the growth of business and that should be avoided with everyone's efforts. All issues should be discussed in proper professional and peaceful atmospheres.

Most of the young entrepreneurs do not create or make proper business plan, financial structure for their business enterprises. It is very important to have a well-structured plan for the growth of your company. An entrepreneur should know how and where to spend money properly and wisely. Some start-ups founders

10 PROFESSIONAL LIFE HACKS

1. **Do not show off:** no one likes to feel inferior. If you are always rubbing your intelligence on people's faces, they'll start avoiding you.
2. **Accept people as they are:** don't try to change people or speak against their most cherished beliefs. It really makes them uncomfortable.
3. **Show that you accept the general norm:** most people usually like to show how morally superior or different they are in their workplace. This usually leads to alienation, which is not good.
4. **Make people feel important:** ask for advice from others, listen to them when they speak. They'll love you for it.
5. **Be observant:** know your work environment, observe those you work with.
6. **Call names:** everyone likes the sound of their names. It's like music to our ears.
7. **Be kind to people:** everyone loves to receive good treatment from others.
8. **Don't judge people before you know them:** avoid using someone else's opinion to evaluate people? It makes it harder for you to really know them.
9. **Respect yourself:** respect is everything. If you don't respect yourself, no one will. Let people know their boundaries when dealing with you.
10. **Dress well. Always.** A lot depends on how you look!

spend much more resources where they can get their work done in much less with the same value. Young entrepreneurs should follow 6 Golden "P" rules – "Proper Perfect Planning Prevent Poor Performance".

Not asking and planning for enough funding for your dream business venture project. As a start-up founder you should plan and know the right kind of amount you will require to run and operate your start-up venture even if it is not profitable at an early stage. Don't ever panic as many start-ups are not profitable for many years to come as Amazon big giant killer wasn't profitable until 2016. Venture funding might even take months or years to receive which can jeopardize growth of your business. .

Betting everything on one single idea and plan is not at all good. Always remember one idea can't make you wealthy and rich by any means. There might be always someone better out there who is trying 99% to put you out of business. Your core idea should be the basic and unique idea - followed by many other innovative ideas in the industry.

Getting a proper team supports you in difficult and challenging times. Many battles and many wars have been won because of proper utilisation of resources and proper strength of army personals. Don't ever rush to hire people. Remember the most important asset for your company is it is people and team working with you. Hire the best employees. (Team Means – T – Together, E – Everyone, A – Achieve, M – More)

Per Lord Krishana – Universe starts with Zero (0) and ends with Zero (0). ■

What can we learn from animals?

Important lessons to be learnt from animals for modern Man + Age + Ment = Management

Source - Chanakya Neeti

One lesson is to be learnt from a lion, one from a crane, four lessons from cock, five lessons from a crow, six lessons from a dog and three lessons from a donkey.

Lion: Whether the prey is small or a big one (in size) the lion has the same approach towards them by attacking its prey with full force and killing its prey to effect.
This lesson from lion teaches us to be unbiased towards the different kinds of work we do in our daily life and that we should give 100% to each task we undertake no matter whether it's small or a big one.

Crane: What the wise men have learnt from a crane is to have senses all the times under control. A Crane is known to stay perfectly still in water till it spots and gets hold of fishes which swim towards it since it is standing still. At the same time Crane (always) has full knowledge of the happenings in its surroundings. One hint of the presence of its predators (like crocodiles), the crane makes no haste in taking off into the sky. This lesson of Crane teaches us to be in control of ourselves as well as of what's happening around us, we must be alert all the time. It applies to every individual and all business undertakings as well.

Cock: Cock can teach us four lessons. [A] Waking up early in the morning before sunrise. [B] The cock has a dominating nature. [C] Living together, working smoothly in the community. [D] Look for food from anywhere and everywhere and share it with everyone.

Crow: [A] They are clever, firm and with strong resolution. [B] Very alert, attentive, conscious and careful. [C] Do not trust anyone. Keep your own secret confidential. Do not believe in others. [D] Farsighted – can look for food or objects of interest which are kept far away [E] Quick action. Unity is strength and common action for the task to ensure everyone's protections.

Dog: [A] Always eats less and gets satisfied [B] Faithfulness for the owner. [C] Pin-drop sleep. [D] Does not forget the smell. [E] Shows bravery when needed; [F] When hungry or when needed it goes out begging and fills up the belly.

Donkey: [A] Never shirks work. [B] Does not mind the season. [C] Remains fully satisfied and self-contented all the time.

Turn your International Visits more Productive

by Ashok Bakshi

Due to the rapid globalization international business has increased manifold by leaps and bounds. But during the present time it has shrunk to new lows or taken a big hit to a great extent from December 2019 due to pandemic COVID-19 breakout and lockdown situation in many countries. In particular many businesses of international repute like airlines / hotels and supportive business related to travel are touching new lows on a daily basis. International Trade has nosedived for all manufacturing / trade related activities.

International Business Travel is not as glamorous as it seems, most of the times, many business travellers struggle with "How to remain active, productive and aggressive for the business visit, because of the packed business meetings/ negotiation schedules, jet lag and to adjust your body to the new business environment or time zone difference in visiting countries." On any international business visit average approximate travel / hotel / entertainment expenses are not less than USD 3,000/- incurred by any businessman. It is imperative that businessmen and their employees optimise every trip, performing at their level best to give productive results to reap the best return on their investment.

The secret of any business trip is to make it more effective and productive with proper planning and to make it successful on every count; following points must be considered for every single visit being taken by any business executives from the company.

- Check the validity of your passport—that it is valid beyond 6 months from your date of arrival in particular visiting country – if the same is not renewed by passport authorities, get renewed the same before visit.
- Ensure your passport has sufficient number of pages available for affixing visa and immigration stamps on it.
- Check the visa requirement of a particular visiting country and ensure you have taken care for that – if not then apply for the same.
- Make sure you are adequately covered with Health Insurance Policy – If not taken, kindly take Medical Insurance Policy from the leading insurance company before visits start from home, because overseas medical treatment is very expensive, if not insured, certainly it will make a big hole in your pocket.
- Take sufficient passport size photographs with you.
- Take photos of your Passport, Travel itinerary, Visa, PAN Card, Aadhar card, Voter Identity Card, International Driving Licence and any other important documents with your mobile phone or laptop, that should be accessible to you with very secretive numeric and alphabet codes.
- Make sure on your part that you are well aware of emergency phone numbers of visiting countries.
- Try to learn at least the few words of the local language of the visiting country that are frequently used in routine conversation words like "Thank you", "Hello", and "Please" etc. If you do nothing it leaves a lasting bad impression for you on others.
- Find out about the tipping culture before you go – The United States of America is pretty unique in terms of tipping.
- Take care of your communication instruments, - do you have a roaming plan, will you use a local SIM card for that or pocket WiFi or some solution like Flexi roaming– must consider the impact of this on your pocket.
- Think of your security – what happens if your bag is stolen, misplaced, gets directed to some other location, or someone clones your Debit/Credit Card and Passport.
- On International visits always use Prepaid Cards, so you can control expenses, how much is to be re – charged or balance is left for use or stolen, so this control is always available under your nose. It cannot be exercised by someone else under any circumstances.
- Contact lenses if you wear them make sure you have enough extras with you for your every overseas visit.
- Critical medicines or supplements are in sufficient quantity which you may not be able to buy locally with Doctor Prescriptions in original.
- Accessories of your electronic devices you may not be able to procure locally.

- Specially, personal care Items, like if you cut your own hair get a lightweight shaver, powder, perfume and creams.
- Decent simple shoes are probably easy to get in your home country, but one good headphone must be with you.
- Check the currency acceptable in the visiting country, check the exchange rate before you go, so when you arrive you can tell the money changer to provide the best exchange conversion rate.
- It is always better to take cash / traveller cheques to countries that have very heavy ATM charges, if you do not bother much to get lower charges or the worst, or if your bank uses their own exchange rate for international withdrawals and not the Master / Visa Card / American Express Card or Citi Card as many business travellers are not well aware, they lose lot of money using ATM's. Possible do not carry high denomination traveller cheques as every time we pay conversion charges and for petty expenses at times find it difficult to convert them in smaller denominations.
- Book your first night at least in advance, so you do not have to go for hotel hunting before a long tiring flight.
- Take help from Google to print maps to reach your hotel through the shortest economical route.
- Make sure on your part, that someone at home has your complete Itinerary plan, including hotels, contact information for the persons you are going to meet, if any change or schedule is being revised on this, kindly do inform back home, so one is not in the dark about plans being changed at the last moment.
- Depending on the country you are visiting, you should have a proper locking system for your backpacks / luggage etc. Buy a good quality purse with a strong cross body strap. If you are visiting a poor developing country, do not advertise yourself that you are unbelievably wealthy by comparison. Leave the costly/ fancy watches and jewellery safe at home.
- Always use simple light colour dresses for you as simplicity rewards many a times and always leaves lasting impression on business professionals.
- Try your best to use excellent available communication links (video conferencing, web chatting) to engage with your most valuable international customer to get new orders or to resolve any business misunderstanding and arrange to derive maximum fruits by reducing our expenses and overhead costs being incurred for the growth of international business. Simply the money you saved, the money you earned should be the motive of present day business.

With the above facts and some points to keep in mind, any business visit can be converted into productive, enjoyable and knowledgeable for the growth of your business plans.■

EPCES at your Service

Queries: query@epces.in / epces@epces.in

We are happy to inform you that in order to serve its members in an effective and useful manner, EPCES has created special e-mail ids for its members. Now EPCES members can share their queries with EPCES related to:

- Policy & Procedural issues of EOUs,
- Zonal level issues,
- State level issued
- Policy related (SEZ Act and Rules) issues of SEZs

Hence, all the Regional Directors are requested to kindly inform all the members/units of your respective zones to kindly take advantage of this opportunity and send queries to us. The queries will be answered by our knowledge partner Grant Thornton Bharat LLP.

As you are aware that E-mail is an important and fastest mean of communication that is most reliable. EPCES members will be receiving all the important information/circulars/communication from **epces@epces.in, membership@epces.in, epcesho1@gmail.com**

EPCES News: newsletter@epces.in

EPCES News has constantly and continuously been bringing up and highlighting the issues and problems relating to the EOU & SEZ community.

If you want to share any informative phase with your fellow members, you are welcome to send it to our email newsletter@epces.in along with your photo and your contact details. The decisions of the Editor shall be final looking at the profile of the readership and the objective of the magazine.

Hence, all the members are requested to kindly take full advantage of this opportunity and send to us any information/ article/data for publishing in the EPCES Newsletter.

What is the impact of the Union Budget 2021-22 on the import—export business in India?

The Finance Minister of India Nirmala Sitharaman presented the Union Budget on 1st Feb 2021 and there were few announcements for the Import-Export Sector.

Announcements made during presentation of Union Budget 2021-22 for Import-Export industry: -

Withdrawal of IGST Refund Facility

The Government of India is planning to withdraw the IGST Refund facility for exporters due to increasing cases of GST all round frauds being made by the business community at large. So if the new Finance Bill, 2021 is passed in the Parliament, there will be only one option for conducting export activities i.e. Export under LUT, and claim a refund of the Input Tax credit (ITC) from the GST Department. Interacting with any Government of India department is a time consuming and highly cumbersome process to get your work done, that too getting a refund on account of GST.

Confiscation of goods on the wrongful claim

A subsection is proposed to be inserted in section 113 of the Customs Act, subject to approval which states that export goods are liable for confiscation if a wrongful claim is filed under any of the schemes like remission or refund of any Tax/Duty/Levy.

Budget Allocation under RoDTEP Scheme for FY 2021–22

The Union cabinet approved RoDTEP Scheme and announced to allocate amount of Rs 50,000 crore to incentivize our exporters (except SEZs and EOUs units) but the Government has decided to allocate only Rs 13,390 crore towards the RoDTEP scheme for the FY 2021-22 which is a major blow to exporters. Rates under the scheme are yet to be announced for manufacturing sectors to file their claims for reimbursement. Guidelines for implementation of this new scheme and how it will help our industry and trade to promote export business from India in coming months are not clear even yet.

Stuck/pending claims under MEIS/SEIS Scheme

There is no update regarding the stuck/pending claims of both the MEIS Scheme and SEIS Scheme for FY 2019–20 & 20–21 for exporters as importers already have discounted this factor in price negotiation of the exportable products from India.

PLI (Production Linked Incentive) schemes

In the budget speech of FY 2021-22, the Government of India announced spending Rs 1.97 lakh crore on various PLI schemes for 13 different sectors.

As a part of the National Policy on Electronics, on April 1, 2020, the IT Ministry had notified a scheme which would give incentives of 4-6% to electronics companies which manufacture mobile phones and other electronic components such as transistors, diodes, thyristors, resistors, capacitors and nano-electronic components such as micro electromechanical systems. According to the scheme, companies that make mobile phones which sell for INR 15,000 or more will receive an incentive of up to 6 per cent on incremental sales of all such mobile phones made in India.

This scheme will on one hand attract large Foreign Direct Investment in India and the electronic sector, which will encourage domestic and foreign mobile phone makers to expand their units and presence across India. Previously, the PLI Scheme was for select sectors such as mobile phones and allied equipment manufacturing, pharmaceutical ingredients and medical devices.

In March 2020, the Indian Government made 53 bulk drugs eligible for PLI worth INR 6,940 crore (~USD 925 million). The scheme is expected to benefit up to 150 manufacturing units, generating incremental sales of INR 46,400 crore (~USD 6187 million) and significant additional employment over the next 8 years.

The purpose of widening the PLI Scheme to cover more products is:

1. To protect and encourage identified product areas
2. To introduce non-tariff measures that makes imports more expensive.
3. To promote exports from India for the overall growth strategy but focus more on the domestic market consumers.
4. To promote manufacturing at home by offering production incentives and encourage investments both from within and outside.

The scheme has been expanded to ten other prime sectors namely food processing, telecom, electronics, textiles, specialty steel, automobiles and auto components, solar photo-voltaic modules and white goods such as air conditioners and LEDs.

For Textile Industry

To Make the Indian textile industry globally competitive the Government is planning to launch the following scheme: -

- ❖ A scheme for Mega Investment Textiles Parks (MITRA) across India.
- ❖ PLI scheme to enable the textile industry to become globally competitive.
- ❖ 7 Textile Parks will be established over the coming 3 Years.

The scheme will create world-class infrastructure with plug-and-play facilities to enable creation of global champions in exports in the textile segment.

Port Privatization

Seven major ports to be privatized under Public-Private partnership (PPP mode). Some of these ports will include Kandla, JNPT, Chennai, Visakhapatnam, Kolkata, etc.

Import Duties on various products

The Budget reduced the Import duties on many iron & steel products, including steel scrap/ copper scrap. On the other side, it increased custom duties on various Auto parts. Import duties on Gold / Silver were cut from 12.5% to 7.5%.

Distortion-free revised Customs Duty structure

The Finance Ministry will introduce a distortion-free revised Customs Duty structure from 1st Oct 2021 and assured to review more than 400 old exemptions this year. The Honourable Finance Minister Ms. Nirmala Sitharaman remarked that "Our Custom Duty policy should have and serve the twin objective for India towards promoting domestic manufacturing and helping India get on to be part of the global value chain. The thrust now has to be on easy access to raw materials and export of value-added products." ■

—*Ashok Bakshi*

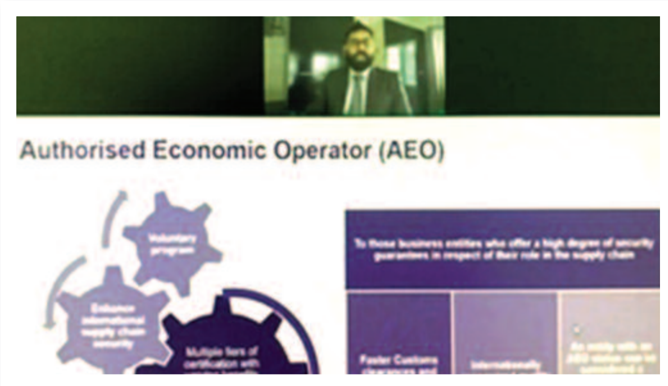
VIRTUAL WEBINAR ON IMPORT REDUCTION/ SUBSTITUTION AND EXPORT PROMOTION IN MSME SECTOR HELD ON 19TH FEBRUARY, 2021

LEFT: Shri K.D. Bhattacharya, Joint Director & HoO, MSME-DI, Kolkata.
RIGHT: Dr Sabyasachi Ghosh Regional Director EPCES, ER & NER delivering his speech

One Webinar on Import Reduction/ Substitution and Export Promotion in MSME Sector was organized by Export Promotion Council for EOUs and SEZ (EPCES), Kolkata Eastern Regional Office in association with Export Facilitation Cell, MSME – DI, Kolkata, M/o MSME, Govt. of India on 19th February, 2021 from 03.00 P.M. to 05.30 P.M. in association with Director General of Foreign Trade (DGFT), Kolkata, M/o Commerce & Industry, Govt. of India, and Federation of Indian Export Organization (FIEO), Kolkata.The meeting was attended by many exporters from various sectors of MSME including DICs, members of various Export Promotion Councils. Members of Industrial Associations, Exporters and MSMEs.

Shri Goutam Podder, Asstt. Director, MSME-DI, Kolkata welcomed to all distinguished guests & participants joining in the programme. He specially expressed his gratitude to Dr Sabyasachi Ghosh Regional Director EPCES for curating the programme with the presence of Shri Koushik Balaji, Associate Director, Walker Chandiok & Co LLP, Shri Vinod M D, Associate Director, Grant Thornton Bharat LLP &Shri Amit Tibrewal, Associate Director, Grant Thornton Bharat LLP for joining in the Webinar.Shri K.D. Bhattacharya, Joint Director & HoO, MSME-DI, Kolkata presided over the event. He expressed happiness for organizing this important event to boost up the export and reduce the import in MSME sector.

Shri Satyajit Biswas (rtd. FTDO- DGFT) consulting representative from DGFT, Kolkata explained the activities initiated by DGFT Authority to boost up export particularly in MSME sector in post COVID-19 Pandemic situation. Shri Koushik Balaji, Associate Director, Walker Chandiok & Co LLP explained the impact of Union Badget 2021 with key updates on MSME sector to enrich the knowledge of MSME exporter/ importer. Shri Vinod M D, Associate Director, Grant Thornton Bharat LLP & Shri Amit Tibrewal, Associate Director, Grant Thornton Bharat LLP delivered the topics on direct/ indirect taxes as well as major schemes of exports included in the recent yearrespectively to make aware the exporters about the real changes in the matter. Dr. Sabyasachi Ghosh, Regional Director, EPCES, Kolkata appreciated the efforts made by MSME-DI, Kolkata to organise the event with an objective to reduce Imports for Atma Nirbhar Bharat. He also emphasized that all sorts of cooperation will be extended to MSME exporters for indigenous effort in all product segments. He also highlighted the major list of items that has to be imediately looked in to for import substitution and how the nation can get benifited and self dependace of the Exporter which can strengthen the unit



LEFT: Shri Amit Tibrewal, Associate Director, Grant Thornton Bharat LLP delivering his PPT.
RIGHT: Shri Koushik Balaji, Associate Director, Walker Chandiok & Co LLP

A view from the webinar

as wel as the nation for a better future. Shri Arnab Chakraborty, Management Executive, FIEO also delivered lectures on Import Substitution aspects keeping in mind the present scenario particularly in MSME sector. He emphasized that we need to encourage indigenous manufacturers to enhance the production capacity of the relevant products in order to make the trade balance. Shri Lakhikanta Halder, Deputy Development Commissioner, SEZ, Falta, while delivering his speech, encouraged MSMEs, to think for setting up their units in SEZ area and required support/ assistance will be provided by Office of The Development Commissioner.

While delivering Closing remarks, Shri K.D. Bhattacharya, Joint Director & HoO, MSME-DI, Kolkata expressed thanks to all resource persons for their valuable deliberations and reiterated that MSME-DI, Kolkata has recently started promotional activities to encourage toys industries in MSME sector and all the stakeholders have been requested to extend all sorts of cooperation and assistance to make good quality eco friendly different kind of toys for export and there is a need to reduce the import of toys from the other countries and indigenous effort will be made by this sector so that India may become a Champion in toy industry in the world. He also highlighted the new gem and jewellery project that MSME is taking up with. Dr Ghosh Director EPCES Kolkata also highlighted the difficulties that the GEM and Jewellery sector is facing and extended his help to Shri Bhattacharya to take up those issues with the appropriate departments.

There was a question& answer session in the event and the all the experts made interaction with the participants effectively.

The Webinar is ended with vote of thanks presented by Shri Rajarshi Maji, Asstt. Director, MSME-DI, Kolkata. ■

VSEZ

VSEZ Chief Unfurls National Flag on the eve of 72nd Republic Day

A. Rama Mohan Reddy, Zonal Development Commissioner, Visakhapatnam Special Economic Zone, who is also the Regulatory Authority for setting up and monitoring of all 61 SEZs and 526 operational units, in AP, Telangana and Chhattisgarh, unfurled the tri-colour National flag after offering floral

tributes to the Father of the nation, on the eve of 72nd Republic Day in the premises of VSEZ Green Lawns in Administrative Building at Duvvada, Visakhapatnam with all SOPs despite the Pandemic. He also inaugurated a Kiosk, to facilitate the Visitor Management System, which generates passes in digital mode.

On the occasion Sh Reddy has also distributed mementoes of appreciation to persons, who have rendered commendable services for the betterment of the zone, during corona, besides redeployed Army persons in the Zone and the Unit Heads who have achieved the highest exports during the year, in Duvvada Special Economic Zone, during last 9 months. Also, all the Horticulture and House Keeping Teams were distributed clothes on the occasion.

While appreciating the services rendered by his team of Developers/Units/Officials and Customs officials, who relentlessly cleared the exports even during Pandemic, he stated that he has an excellent team of hard-working personnel, because of which it has become possible that, during 2020-21, VSEZ has made exports to the tune of Rs. 84441 Cr and recorded an overall growth in the exports of 10.01 % so far. VSEZ recorded a growth in Merchandise of 19.40 % and 7.38 % under Services sector. VSEZ Provided employment to 393312. So far, an investment of Rs 56180 Cr has been made in VSEZ by the entrepreneurs says Mr Reddy. VSEZ stood highest in terms of growth in the country during the year.

Speaking on the occasion, he appealed to the gathering to remain committed to the nation and work for the economic growth of the country to retain its position as the 6th largest economy in the world. He also stated that, Nation is above all and briefed about the Indian constitution and Fundamental Duties of the citizens. He, appealed to all the units to keep VSEZ, clean and green and ban use of plastic, and make it a perfect Green Zone in the country. He also appreciated the Discipline exhibited by the units in following the SOPs laid down by

the Government During Corona Pandemic. He also appreciated that, no one suffered from Pandemic in the entire VSEZ.

Sh Reddy, DC appealed to all the Units to achieve better results in the remaining period of 2 months. Also, that VSEZ has achieved the highest export growth compared to all other 7 zones in the Country, says Reddy. Some of the prominent SEZs/EOUs contributing to exports are Infosys, TCS, Dr Reddys, Divis, Ramky Pharma, VSEZ, APSEZ, Sricity, Aurobindo, Hetero, etc., VSEZ at Duvvada, alone contributed to exports of Rs 1084 Cr, against the last years Rs 954 Cr and shown a growth of 14%, despite Corona. Similarly, APSEZ at Atchutapuram recorded a growth of 24% with exports of Rs 3477 Cr and Laurus Labs alone has exported 35.9 mi. tablets of HCQs, and achieved a growth rate of 142%, Says Reddy.

On the occasion, the DC and his team have carried out a planting programme of Sandal wood and Pongamia plants in the zone in the Lawns of Admin Building. Also, all the SEZs/Units in the States of AP and Telangana have also done planting programme in ceremonially with patriotic zeal, on this Republic Day. On the occasion were present Kiran IFS, K R Sankar IRS, DDC Phani, ADC Prasanna, Srinivas, Customs officials and representatives of Management from units in the zone. ■

—A RAMA MOHAN REDDY IFS
DC, VSEZ, Visakhapatnam

INTERNATIONAL WOMEN'S DAY CELEBRATED AT VSEZ

WOMEN HAS GREATER ROLE IN COUNTRY'S GROWTH SAYS DC VSEZ

To encourage women, who are excelling in every field, International Women's Day is celebrated every year on 8th of March. Taking cue from that, International Women's Day is celebrated today, in VSEZ also in administrative building, at Duvvada campus by felicitating the women employees. On the occasion the women employees, planted Sapplings of Sandal Wood as

commemoration of the Women's Day and A Rama Mohan Reddy, Development Commissioner, VSEZ symbolically distributed Floral bouquets and sweets to the women employees of Visakhapatnam Special economic zone. Also a Ladies Lounge has been inaugurated by the DC for use by lady employees of VSEZ on the occasion.

Speaking on the occasion Mr. Reddy said that ladies have excelled in all fields in the world on par with their male counterparts. He appreciated the role of a women as mother, sister, wife, daughter, teacher, nurse, house keeper and frontline health workers etc.,

Mr Reddy commended the contribution of Women who contributed a lot to the Nation like Jhansi Lakshmi, Sarojini Naidu, Indira Gandhi, Sushma Swaraj, Sheela Dikshit, Jayalalitha, Nirmala Sitharaman, and philanthropists like Sudha Murthy. Economists like Arundathi bhattacharya, Chanda Kochhar, and all are eminent personalities says Reddy. Similarly, the women of India who made fame in US, are Kalpana Chawla, Sunita Williams, and Swati Mohan who led the Mission at Nasa Rover landing and the head of Pepsi Indira Nooyi. The list of successful women is unending says Reddy. The credit for rearing a warrior like, Shivaji and Mahatma Gandhi owes to their mother. Everywhere only mother is credited. Women is unique in every field as a Mother, a sister, a wife, a daughter, a teacher, an administrator.

Women always backed the men in their endeavors. Now the whole world agreed to account for the contribution of House wives to GDP. Now, the women in India have entered in every field including Army, Navy and Air force. Many industries like IT, Brandix, Apache, World Wide Diamonds, Bhartiya international, Hobel bellows, Waachi international, Pharma companies, are all led by women in large numbers. In VSEZ 32% are women out of total 4 lakh employees in all 3 states. He appreciated the role of women in achieving highest exports to the tune of 96236 cr during current financial year, and achieved a growth of 12.5%, the highest in the country among all the 7 Zones of the Country, despite pandemic. Women can be a very strong force in the country in the coming years says Mr Reddy. On the occasion were present many women representatives from the units, and JDC Kiran, DDC Phani, and other ADCs. ■

WALKATHON AND PLANTING ORGANISED IN VSEZ ON THE EVE OF BHARAT-AZADI KA AMRIT MAHOTSAV

Will plant 1.90 lakh plants up to 15th August 2021 says VSEZ Chief

Taking Cue from the call given by the Hon'ble Prime Minister Modi to the Nation, to start Celebration of india@75, on the day when the Dandi satyagraha was started by Mahatma Gandhi in the History of British India, this day the 12th March 1930, VSEZ has kick started it's celebrations in the whole of 61 SEZs of the VSEZ situated in AP, Telangana and Chattisgarh today.

On this occasion A Rama Mohan Reddy, Development Commissioner, Visakhapatnam Special Economic Zone and his staff JDC, ADCs and other unit representative, lighted lamp to the Father of the Nation and offered Floral Tributes. Later, a Walkathon was flagged off by Mr. Reddy, from the Administrative Building of VSEZ at

Duvvada. There are almost 3920 employees working on rolls in VSEZ at Duvvada and people in good number participated in walkathon in patriotic mood says Mr Reddy.

Later planting of sapplings of Sandal wood and Hibiscus was done in the Divine Sandal Wood Park and a new Hibiscus Garden created in Commemoration of Azadi Ka Amrit Mahotsav dedicated for the nation. Mr Reddy said that VSEZ will plant 187346 plants from 12th March to 15th August 2021 which will be done by all the SEZ Developers and Units as well.

Addressing the gathering on the occasion, Mr. Reddy commended the contribution of VSEZ to the exports of the Nation during the year, which accounted for more than 15% of the total exports from SEZs of the Country. VSEZ achieved the highest exports to the tune of 96261 Cr upto 1st week of March, during current financial year, and achieved a growth rate of 12.5%, the highest in the country among all the 7 Zones of the Country, despite pandemic. The VSEZ will achieve 1 Trillion mark in the History of VSEZ Exports by the end of the Fiscal year says Mr Reddy. On the occasion were present JDC Kiran, DDC Phani, ACA Priyanka, ADCs Srinivas, and Prasanna, Customs officers Shankar and other officials of VSEZ in large numbers. ■

—A RAMA MOHAN REDDY, IFS

VSEZ CELEBRATES 32nd ZONE FORMATION DAY—FELICITATE UNITS FOR EXCELLENCE IN EXPORTS

VSEZ Celebrated 32nd Zone Formation Day, in the Admin Building at Duvvada, on 15th March, chaired by its Chief A. Rama Mohan Reddy, Development Commissioner and Sh G Venkanna IAS (Retd) who was the first Development Commissioner VSEZ was also present on the occasion. On the occasion, Sh Venkanna was felicitated for his initial works. Also the units which contributed exceptionally to the Exports from VSEZ during the year, were felicitated with mementoes, the units which successfully implemented the Clean and Green concept, Swachhata, and the officials who rendered commendable services were also honoured. On the occasion few saplings of Sandal wood were also planted. On this occasion, Mr Reddy appreciated the stake holders for achieving the land mark exports of Rs 1 Trillion, breaking all previous records of 32 years and stood first in the country in terms of percent growth.

Sh Reddy said, VSEZ has been set up at Duvvada in Visakhapatnam District, as an export processing zone owned by Govt of India, popularly known as VEPZ over 360.5 Acres on 15th March,1989. It is the youngest in the country, the first being set up was Kandla in 1965, inaugurated by the then Hon'ble Prime Minister, Lal Bahadur Sastry. Later with the promulgation of SEZ Act and Rules in 2005, VEPZ has been named as Visakhapatnam Special Economic Zone (VSEZ) having jurisdiction over AP, TS, CG, and Yanam UT, and regulates the operation and setting up of SEZs.

Speaking on the occasion, Sh Reddy said, VSEZ (VEPZ) at Duvvada's investment is Rs.1621 CR, and exports made were to the tune of Rs. 1642 Cr against Rs 1504 Cr last year and achieved a growth of 9.17%. Provided employment to 3921. The details of Investment, Employment and Exports from VSEZ state wise are as under:

Talking to media, Mr Reddy, said, during 2020-21, the exports made were to the tune of Rs. 1,03,513 Cr (14080 mi. USD), and crossed I Trillion mark for the first time in the past 32 years. Growth in Merchandise is 24.39%, and Growth in Services is 11.77%. We have recorded an increase in the exports of 15.60% so far says Mr Reddy.

Speaking on the performance of VSEZ during lockdown, he said, Software & Services Sector contributed to 66%, Pharma and biotech 20%, Trading & Services 4%, Metal and Alloys 3.45% and all other put together contributed to 6.5%. He also said, APSEZ Atchutapuram, a Multi-product SEZ spread over 900 Hectares, has 16 manufacturing units, and invested Rs.4000 crores with direct employment to 3,200 people. The total exports from these units touched Rs. 4884 crores till February 2021, and recorded a growth of 19.74 %. During lockdown, M/s Laurus labs of APSEZ in VSEZ, exported 11.47 million tablets of HCQ to USA, South Africa, Singapore, Malawi etc., and achieved commendable exports.

Speaking to media, he said, VSEZ has allowed making of Covid related articles, viz., Face Masks 3.1 Cr, PPEs 1.42 Cr, Medical & Surgical gowns 90 lakhs, Sanitary Napkins 6 Cr and Medical Apron Kits 1 lakh to various units. And to further ease out the crisis, MoC, has waived off increase in rentals this year, Deferred payment of lease by one quarter, allowed permissions of sand and gravel without going to BoA, and IT benefits were extended up to 31.3.21. ■

—A RAMA MOHAN REDDY, IFS
VSEZ VISAKHAPATNAM

In a press release to the Media, Mr Reddy said, SEZs in the country, contributed to Rs 7.86 lakh Cr Foreign exchange, and provided employment to 22.15 lakhs, with an investment of Rs. 5.75 lakh Cr. VSEZ, has 61 SEZs (out of 253 in India) fully operational, with 526 units spread over AP, Telangana and CG, and the Zone achieved exports to the tune of Rs. 96886 Cr (13826 mi USD) during 2019-20, with an export growth of 32.79%. So far, an investment of Rs 56180 Cr has been made under VSEZ, and Employment provided was to the tune of 393212 on regular basis.

	TELANGANA	AP	CG	TOTAL
Total SEZs	36	24	1	61
Operational Units	366	159	1	526
EMPLOYMENT	309111	63312		372424
Investment	54%	46%	-	64148
Exports	80%	20%	-	96886

Export Promotion Council for EOUs and SEZs, NOIDA

72nd REPUBLIC DAY CELEBRATION ON TUESDAY THE 26th JANUARY 2021

Celebration of 72nd Republic Day on Tuesday the 26th January 2021 and *Swachhta Hi Sewa* Campaign at Noida Special Economic Zone (Cleanliness Drive inside the zone)

FIT INDIA PROGRAMME

SUNDAY, 21ST FEBRUARY 2021 AT 7.30 AM AT NOIDA SEZ

LEFT: Shri Bipen Menon, Development Commissioner presenting Bouquet to Hon'ble Member of Parliament Shri Mahesh Sharma. **RIGHT:** Shri Amit Kumar Gupta, Deputy Commissioner (Custom) presenting Bouquet to Dr L B Singhal, Former Development Commissioner, Noida


LEFT: Shri Vilas Gupta, Regional Chairman, EPCES Noida presenting Bouquet to Shri Salik Parvez, former Deputy Commissioner (Custom) Noida. **RIGHT:** Hon'ble Member of Parliament Shri Mahesh Sharma addressing the participants

Office of Development Commissioner Noida in association with Export Promotion Council for EOUs, SEZs & NSEZ Entrepreneurs Association organized the "FIT India Programme". The programme was held on Sunday, 21st February 2021 at Gate No. 2 NSEZ, Noida. Dr. Mahesh Sharma Hon'ble Member of Parliament was the respectable Chief Guest and Shri Saba Karim, former National Selector & Cricketer was the guest of honour.

While addressing the gathering Dr. Mahesh Sharma, Hon'ble Member Parliament said that Noida SEZ is the only Central Government SEZ in Northern India and was set up in 1985. NSEZ provides excellent infrastructure support services and sector-specific facilities for the thrust area of exporters. Dr. Sharma further added that the EOUs and SEZ sector plays a pivotal role in creating employment opportunities, increasing export, earning valuable foreign exchange, and attracting foreign as well as domestic investment. Hon'ble Member of the Parliament advocated the pressing need to keep the body fit by practicing a minimum of 30 minutes of walk every day.

While welcoming the participants Shri Bipin Menon

LEFT: Medical Check-up camp. **RIGHT:** Views of Participants

Views of Participants

Zonal Development Commissioner Noida thanked Dr. Mahesh Sharma for sparing his valuable time to visit Noida SEZ. Shri Bipin Menon also appreciated and lauded the efforts for the valuable guidance & support Dr. Mahesh Sharma has bestowed during Coronavirus (COVID-19) pandemic. He further thanked him for organizing a Health check-up camp by Kailash hospital Noida during FIT India Programme by Noida SEZ.

While addressing participants Dr. LB Singhal, ex-Zonal Development Commissioner Noida thanked Development commissioner Noida for giving him the opportunity to attend the programme. Dr. Singhal congratulated Shri Bipen Menon for organizing the programme as it was instrumental to keep the body healthy and wealthy. He further said that there are 34 operational SEZ under the jurisdiction of Noida SEZ and such type of programme also be organized in all other private SEZ.

Shri Saba Karim, former National Cricketer and selector shared his valuable inputs on health and fitness. He mentioned how 30 minutes daily walk is important apart from playing the game to keep the body fit and in shape.

While commemorating the event, Shri Vilas Gupta, Regional Chairman, EPCES Noida thanked all the participants who have actively joined the programme organized by Development Commissioner Office Noida. ■

RCMC CIRCULAR

Kindly be informed that from 16-04-2021 onwards EPCES's new online membership portal is live & functional. For the New Enrolments and Renewals the Units have to login to the online membership system. A new portal has been designed which besides simplification in forms has a provision for payment gateway. Members can easily make payment online through the payment gateway. The link for the new portal is as follows:

https://epces.co.in/auth/login

For more information kindly visit us at

https://www.epces.in/renewal-of-membership.php

SASMOS HET Technologies Limited

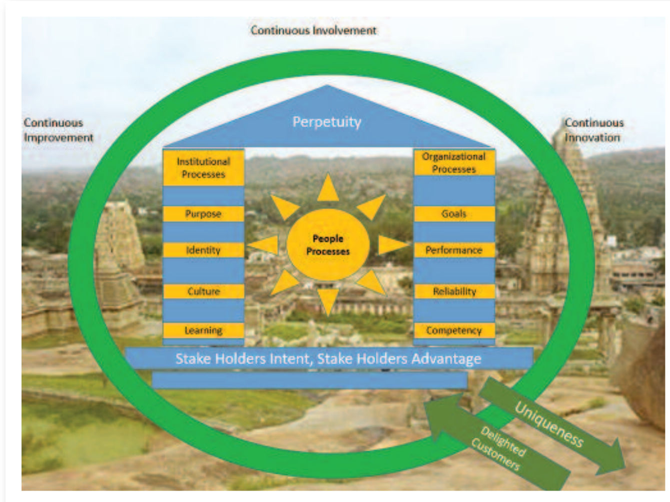
A Journey of Building A Temple of Innovation, With Will, Vision and Values

From India with love, crafted with pride and precession to change the Indian perception on the global map and make India a sourcing hub for aerospace and defence. This was the vision of Mr. Chandrashekar H.G. Founder & Managing Director of SASMOS HET Technologies Limited. He has always believed that there is a pathway to maximize India's resource potential to change the perspective of global OEM's and realize the value add by India in this sector.

SASMOS was founded with a purpose and that is PERPETUITY. Perpetuity is the company's DNA and it defines the purpose of existence. Perpetuity is a state of everlasting existence of principles, values, ethos, culture, faith, and belief systems which is proof of our present world and will be exemplified by future generations to come.

A journey that narrates the 13 long year success story to create an institutional process is driven by people, enduring pursuits of technology in the land, air, deep sea, and space filed by innovation. Today, SASMOS is a leading manufacturer of Electrical Wiring Interconnection System, Electromechanical assemblies & Electronics sub-systems for the Aerospace, Defence, Marine and Space market and recognised globally for its best-in-classdelivery and quality performances across globe with highest level of reliability.

SASMOS was incorporated in 2007 by experts with extensive experience in precision engineering and interconnection technology and in less than a decade has established a Centre of Excellence (CoE) for Wire harness manufacture and Electromechanical assemblies and grown at a CAGR of 61%, we currently occupy 150,000 sq ft facility in Whitefield Bangalore that serves as the CoE for manufacturing and innovation. We are handling upwards of 150 projects every year with 800 highly skilled resources, SAP enabled process, Mech part Indigenization and management of a Global Supply Chain.



We currently service over 35 Customers annually including but not limited to 8 of the top 10 global OEMs of Aerospace and Defense Industry including Lockheed Martin, Airbus, Boeing, Tata, Raytheon Technologies, IAI, Rafael Gulfstream, Pilatus, Honeywell, ISRO, MBDA, BEML, ADE, HAL, BEL, L&T etc

Our Business segments range across platforms, from sea to space - with capabilities of designing, qualification, and manufacturing of:

- Electrical interconnections for
  - Marine
  - weaponsystems

- UAV
- Defense& Commercial Aircrafts
- Satellites

- Aircraft cockpit and crew station Panels,
- Electromechanicalassemblies and system integrations for control systems,
- Electronic solutions for Armouredvehicles and aircrafts.

Started with a small capital and few resources, SASMOS has established a Centre of Excellence (CoE) within a very short span and emerged as a benchmark in the industry. With a revenue of USD $52 M (> 90% being exported), growing at a CAGR of 61%, SASMOS currently occupies 150,000 Sq ft facility in Whitefield Bangalore. Additionally, a 300,000 Sq ft of the facility (AVIRAT) is coming up of which phase 1 of 70,000 Sq ft is operational since August 2020.

Since 2014, Fokker Elmo (GKN Aerospace) of Netherland and SASMOS have joined hands in creation of a joint venture "FE-SIL" (Fokker Elmo SASMOS Interconnection Systems Ltd) a separate entity in Bangalore, India for supplying aircraft wiring harnesses globally.

Over the years, SASMOS has entered into partnerships and business associations with global companies like GKN Aerospace of Netherland, MatraElectronique of France, AFL of USA, Ray-Q and Redler Technologies of Israel

SASMOS believes in enhancing customer experience through geo proximity for quick response and coordination for speed to market. Inline, the business offices are established in UK and Israel and has plan to open offices in France and USA shortly.

SASMOS is committed to deliver On-time, Quality products fully supported by world-class customer service as per the program requirements with a focus of providing the best value to the clients through best-in-class products and services. SASMOS has become a leader and a benchmark globally aligning with Customer requirements. SASMOS was awarded the BEST MSME & Indigenisation leader for its contributions. Right from the inception, culture of the organisation is highly customer centric. There is a continuous effort to build competences, learning,maintain superior quality with say-do ratio approach which gives business results to the company.

Moral leadership is an integral part of our culture & strongly believe to give the best back to the society. One of such initiative was to include the especially abled talents and take them through SASMOS journey to success.

SASMOS already has 40 especially abled employees trained and certified by IPC & the first company to do so. We have employed a special trainer with sign language to give state of the art training and we are proud that they are part of our elite workforce for high skill programs.

Also, other various initiatives snapshot is as below

"Position.Perform.Grow"

ALLIED INSTRUMENTS PRIVATE LIMITED

Allied Instruments Private Limited was established in 1964 at Mumbai. The Domestic Unit was converted into Export Oriented Unit in 2006 and shifted Local business to manufacturing facility in Daman. Allied's Export Oriented Unit started the Educational aid products in 2006 with just 14 SKU's which has grown over a period to more than 500 SKU's, this was achieved with sheer dedication of its employees and management.

They are now the leading manufacturer and exporter of Educational Aid products and their products comply with CPSIA and EN71 standard norms required by American & European countries. All Educational aid products manufactured by the company are free from lead and heavy metals & pass all child safety norms required by the customers. These products pass ASTM standard consumer safety specification on Toy Safety.

Allied Instruments Private Limited are exporting these products to leading OEM Educational Aid products manufacturers in USA, Canada, Germany, Taiwan & UK. All the Educational Aid products are certified by International

Mr Pradeep Singh Marwaha, MD, Allied Instruments Private Limited receiving PLEXCONCIL Export Award

Quality Certifying agencies like SGS, Intertek. Allied has not had a single recall due to non-conformation to CPSIA.

The company owes its leading position at home and worldwide to its constant conviction in achieving excellence through innovate designs and technology, its extensive product range for many diverse target groups and its well-known brand name OMEGA. The company firmly blends its core values of customer delight, commitment, innovation, teamwork.

The EOU Unit is mainly involved in businesses of Educational toys catering to global market for Schools and Educational Institutions. It mainly exports to countries like US, Canada, Germany and some parts in Europe. They are equipped with sophisticated, computerized machines, state-of-the-art dies & moulds. All the products are designed and developed in-house which enables them to respond quickly to the market changes.

The Daman Unit and Mumbai Unit jointly have global network encompassing 32 countries in Middle East, Asia, Africa, Far East, Europe and Pacific. ■

We can defeat the failure with our determination!

CEPHAS MEDICAL PVT LTD

An example of how to overcome any difficult situation and quickly reach the line of success, MEET, "THE SUCCESS COUPLE" MR. THANGIAH IMMANUEL - MRS. RAJAKUMARI – founders of CEPHAS MEDICAL PVT LTD a MEPZ SEZ unit since 2001 Successful couple sharing their experience

Imagine...when our life partner becomes our business partner…! Yes, when it happens one can tackle any difficult situation in an enthusiastic manner; An example of how to quickly reach the victory line is MR. THANGIAH IMMANUEL and MRS. RAJAKUMARI, Cephas Medical Pvt. Ltd, SEZ Unit in MEPZ SEZ.

Multinational companies play a major role in the Production of "Catheters", which is one of the important and useful devices in medical application, to help the elderly and bedridden patients to have external fitted tubing and the bag attached to their urination. We have Mr. Thangiah Immanuel and Mrs. Rajakumari of CEPHAS MEDICAL Pvt. Ltd situated at MEPZ SEZ in Tambaram, Chennai, the entrepreneur achievers in this filed.

"We are from Southern districts of Tamil Nadu and after basic degree, we worked and lived in Thailand for few years after marriage. Though we did not have any business or financial background, we were determined to achieve a big goal in business. International living exposure and opportunities to meet people from different parts of the world helped us. At a particular point, we decided to produce Medical Gloves that would benefit to

the people. We got a professional relationship with a Gloves company in Canada. At the same time we got an opportunity to buy a gloves factory which was not in operational at MEPZ. Even though it was very tough and difficult, we had the confidence that we would turn this around to positive.

Even though we had lot of hope and energy we faced many difficulties initially and struggled for two years without giving up, said Mrs. Rajakumari travelling down the memory lane, twenty years back. Despite struggles, we started gloves production in 2001 with confidence.

At first, we manufactured medical gloves such as Examination gloves & surgical gloves and focused only on export which helped us to develop slowly.

Over the next few years, we were focusing on business development and growth to help consolidating our business. We tried to be in line with the changes in the glove manufacturing throughout the world and adapted latest technologies. We had an opportunity to make catheters, and we took the opportunity for our further development. After two years of experiments with the prototype catheter, we diversified to its production; it was again a hectic period. Due to lack of awareness among the people regarding the use of catheter, we had to face much difficulty in promoting our product. With a well trained team and ensuring best quality and quality Certifications we started manufacturing external catheters for Men. Since then, our product is being exported to a Medical company in USA for eleven years now, says Mr. Immanuel.

Catheter is used by spinal cord injured and bedridden patients. It can also be used inside the clothing for the elderly who can survive for many years with the comfort of this product.

The Company is diversifying horizontal; have started Plastic injection molding unit, manufacturing components for medical devices and also making handles for cooking knives in the same unit for customers overseas.

As an import substitution, they are into synthetic rubber gloves which are used by workers in Chemical factories and have started a manufacturing unit in Virudhunagar with a view to provide more employment to the people of southern Tamil Nadu; a social responsibility taken care of. They are also importing and trading 'Supporting brace' which help to reduce back pain and joint pain.

With an annual turnover of about 15 Crores and providing employment to more than 1000 people, the Companies future plans are clear & bright and are now working on venturing into Pharma Industry.

"We believe that if we are determined and honest in our policy, all the struggles will turn out to be stepping stones to success and nothing can stop us achieve our goal. This is our advice to the new entrepreneurs" concludes Mrs. & Mr. Emanual of Cephas Group. ■

TATA BOEING AEROSPACE LIMITED

INTEGRATED SYSTEMS IN AEROSPACE & DEFENCE

Overview

In 2016, Tata Boeing Aerospace Limited (TBAL) was formed as a joint venture between Tata Advanced Systems and Boeing group. *TBAL is Boeing's first equity joint venture in India.* The joint venture was established to produce Boeing AH-64 Apache helicopter fuselages and other aerostructures, as well as to pursue integrated systems in aerospace. *TBAL was set up with the aim of eventually becoming the sole producer of AH-64 fuselages globally.*

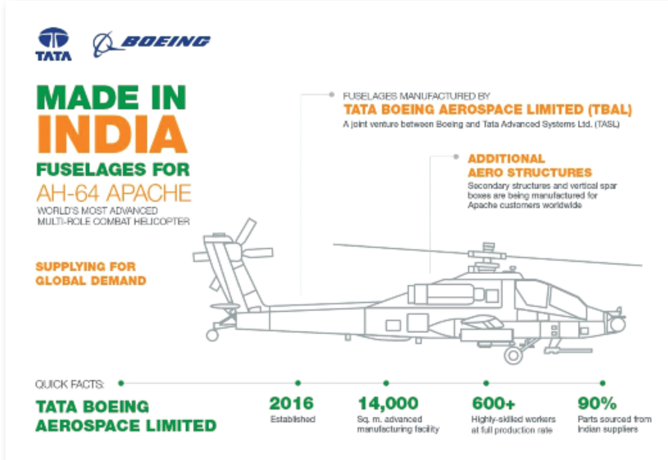
Located in Hyderabad, TBAL employs more than 600 highly skilled workers. A Centre of Excellence was created to produce aerostructures for the AH-64 Apache and provide affordable manufacturing capabilities to the global aerospace industry.

Hi-Tech Manufacturing

The AH-64 Apache helicopter accounts for ~34% of Boeing's total revenue in 2019[58]. Boeing has delivered more than 2300 apache helicopters to customers around the world[59]. The Apache has been fielded or selected by armed forces across 16 countries including USA and India. TBAL will eventually become the sole producer of fuselages for AH-64 Apache helicopters delivered by Boeing across the globe. The facility uses build to print processes for manufacturing.

TBAL marks a major step towards co-development of integrated systems in aerospace and defense in India and helps to fulfil the goals of the 'Make in India' initiative. It will also lead to the creation of a skilled workforce in the aerospace & defense sector.

In February 2021, Boeing added a new production line to their TBAL facility for manufacturing of complex vertical fin structures for the 737 family of airplanes. As of December 2019, Boeing received 14,969 orders for their 737 family from more than 100 airlines and leasing customers globally[60]. The new production line set up for the manufacture vertical fins will use robotics and automation in manufacturing. The expansion is expected to create additional jobs and skill development. ■



Advantage SEZ

Easy and cheap imports
Operations of TBAL are heavily dependent on the import of raw materials and export ofthe finished products/parts, being located in the SEZ helps TBAL carry out their operations efficiently due to timely clearances and easy import of rawmaterials

Fiscal incentives and tax benefits
Cost efficiencies due to fiscal benefits such as import duty exemption and income taxexemption.

Ease of doing business
One of the key factors why Boeing decided to expand its manufacturing to include a new production line for commercial airlines segmentin the SEZ plant in Hyderabad. Tata Advanced Systems Managing Director and CEO, Sukaran Singh had mentioned that "skilled talent, robust infrastructure, ease of doing business and a highly responsive government administration" make the SEZ in Hyderabad an ideal location for theirexpansion[61].

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58 The Boeing Company Annual Report (2019)
59 https://www.boeing.co.in/boeing-in-india/tata-boeing-aerospace.page 39 NSDL database, Annual Survey of Industries 2017-18, PwC analysis
60 The Boeing Company Annual Report (2019)
61 https://www.business-standard.com/article/companies/tata-boeing-aerospace-to-make-737-vertical-fin-structures-in-hyderabad-121020500616_1.html

BRANDIX INDIA APPAREL CITY

EMPOWERING WOMEN

Overview

Brandix is a leading apparel manufacturing company founded in 1969 from Sri Lanka. The main activities carried out by the firm include fabric knitting, apparel manufacturing, apparel washing & dyeing, fabric printing and apparel design. Its product portfolio includes activewear, casual wear, intimate wear, sleep and loungewear. BIAC is established on the 'fibre to store' concept- ensuring that all needs from raw material sourcing to shipping of final products are met in one place.

Labour Reforms

The Brandix SEZ has generated employment for more than 21,000 workers, out of which about 76% are women. The SEZ is equipped with several facilities such as creches, transportation etc. which provides an enabling environment for women workers. A 24/7 Command & Control Centre overlooks the coordination and safety for transportation services provided by the company. More than 200 buses ply six times daily to bring workers to the site from several pickup points for different shifts throughout the day.

Brandix also has various additional welfare schemes for its workers. For its women workers, Brandix provides an INR 10,000 cash gift on the occasion of their weddings in addition to a vehicle for the day. Each year, Brandix distributes an educational kit including uniforms, stationary etc. for employees' children. Employees whose children are in intermediate, are reimbursed for the intermediate registration fee up to INR 2000. Brandix also provides its employees with house rent assistance. The wage level at Brandix is above the minimum wage level. For new joinees with no experience, the wage level is INR 1500 more than the minimum wage. Brandix also provides several trainings for its employees to encourage technical and life skills development. The trainings for workers revolve around many areasincluding technical skills, behavioral skills, health & safety, wellness, financial literacy etc. In 2019-20, each employee of Brandix attended an average of 132 training hours through the year.

Realizing the importance of mental health and to provide support to their workers, Brandix organizes free counselling programs for their employees. Full time counsellors are available on site to support their associates with any requirements.

In addition to counsellors, Brandix realized that many of their female employees suffered from various issues at home including problems with family etc. To provide support to their employees, Brandix started a free legal aid clinic to provide legal solutions to the problems faced by their workers. Post the pandemic, the legal aid clinic has been operating telephonically.

Advantage SEZ

Easy imports

Brandix supplies to several leading global apparel brands such as Calvin Klein, Victoria Secret, Uniqlo, PVH Corporation, Marks & Spencer etc. Since majority of their production is exported, being located in a SEZ is advantageous in terms of ease of exports

Fiscal incentives and tax benefits

Fiscal benefits provided in SEZs was an attractive factor for setting up their facility in a SEZ and has led to cost reductions for the firm.

Backward Area Development

The Brandix SEZ was a completely greenfield rural project and has transformed the entire region. Prior to SEZ development, most of the villages surrounding the SEZ had thatched houses. Now the villages have mostly pucca houses. The area has also seen the development of shopping malls, retail outlets etc. Empowering women has led to several spillover effects and development of the entire society. Several families are now able to send their children to schools. Several of the awareness programs undertaken for the Brandix employees such as creating awareness around proper use of toilets, sanitary napkins etc. have had positive impacts onthe entire society, since the women employees of Brandix were able to take these lessons home to their entire communities.

Brandix has been undertaking several initiatives for development of the local area including organizesfree eye camps and health camps. Between 2017-20, the company had conducted about 76 eye camps (29,242 participants) and 54 health camps (9352 participants). Brandix supports two drinking water plants in the nearby villages and runs a program called Brandix Shilpa for capacity development of their associates and youth from the localareas. ■

BIOCON LIMITED

AN INNOVATION LED BIOPHARMACEUTICAL COMPANY

Overview

Biocon was incorporated in 1978 and by 1979 was the first Indian company to manufacture and export enzymes to USA and Europe. Biocon is an innovation led biopharmaceutical company that develops biosimilars, generics, novelbiologics and research services. The group has registered more than 1220 patents and 900 registered trademarks. The group exports products to 126 countries.

Active Pharmaceutical Ingredients

Biocon's global portfolio in APIs caters to over 1200 pharmaceutical companies in more than 100 countries. The 'Small Molecules API and Generic Formulations' business segment of Biocon is the largest segment of the company and contributed to 32% of the consolidated revenues from operations in FY20. The API business is the major contributor to the Small Molecules API & Generic Formulations business segment. A few APIs produced by the group include Statins basket (Simvastatin, Pravastatin, Atorvastatin, Rosuvastatin, & Fluvastatin), Immunosuppressant Basket (acrolimus, Sirolimus, Everolimus, Mycophenolate Mofetil & Mycophenolate Sodium) and other key products such as Orlistat, Fidaxomicin.

In FY 2020, Biocon started work on a greenfield fermentation-based manufacturing facility in Visakhapatnam to further expand their API production capacity. The facility is expected to be operational by 2023.

Awards and recognitions

- In 2020, Biocon's Small Molecules API manufacturing facility in Hyderabad won the 'Annual Greentech Environment Award 2019' for 'Outstanding Achievements in Environment Management in the Pharmaceutical Sector'.
- The API manufacturingfacility in Visakhapatnam wasawarded 'Outstanding Achievements in Safety Management' by 'Annual Greentech Environment Award' program.

Other Business Segments

Apart from the API business segment, Biocon is also a pioneer for many other biotechnology products including biosimilars and novel biologics.

- In the biosimilars segment, Biocon developed the first biosimilar Trastuzumab to be approved anywhere in the world. It was also the first company in India to launch a biosimilar in USA, EU and Japan.
- In the novelbiologics segment, Biocon is developing several assets in the areas of diabetes, immune-oncology and inflammation. In 2006, Biocon developed India's first indigenously produced novel monoclonal antibody for the treatment of head and neck cancer. In 2013, Biocon launched the world's first novel anti-CD6 monoclonal antibody, for psoriasis.
- Biocon provides contract research services through it's subsidiary Syngene. Established in 1993, Syngene is an innovation-led contract research organization providing integrated solutions including discovery, development and manufacturing for small and large molecules, antibody drug conjugates, and oligonucleotides.

Other Initiatives

- Biocon operates 'Biocon Academy' to address skill shortages in the biotechnology sector. In FY20, 120 students graduated from the academy with 100% placement. ■

Advantage SEZ

Sector-focus infrastructure & clusters

Production of pharmaceutical and biopharma products requires an extremely sanitized environment with clean rooms and infrastructural facilities such as Effluent Treatment Plant. Hence, pharmaceutical industry has very low compatibility to be clustered with other industries which may be more polluting especially in terms of emissions. In this regard, product specific SEZs for pharma provide a safe area whichis bonded and secure (in terms of visitor visits etc.), and helps the units maintainstandards.

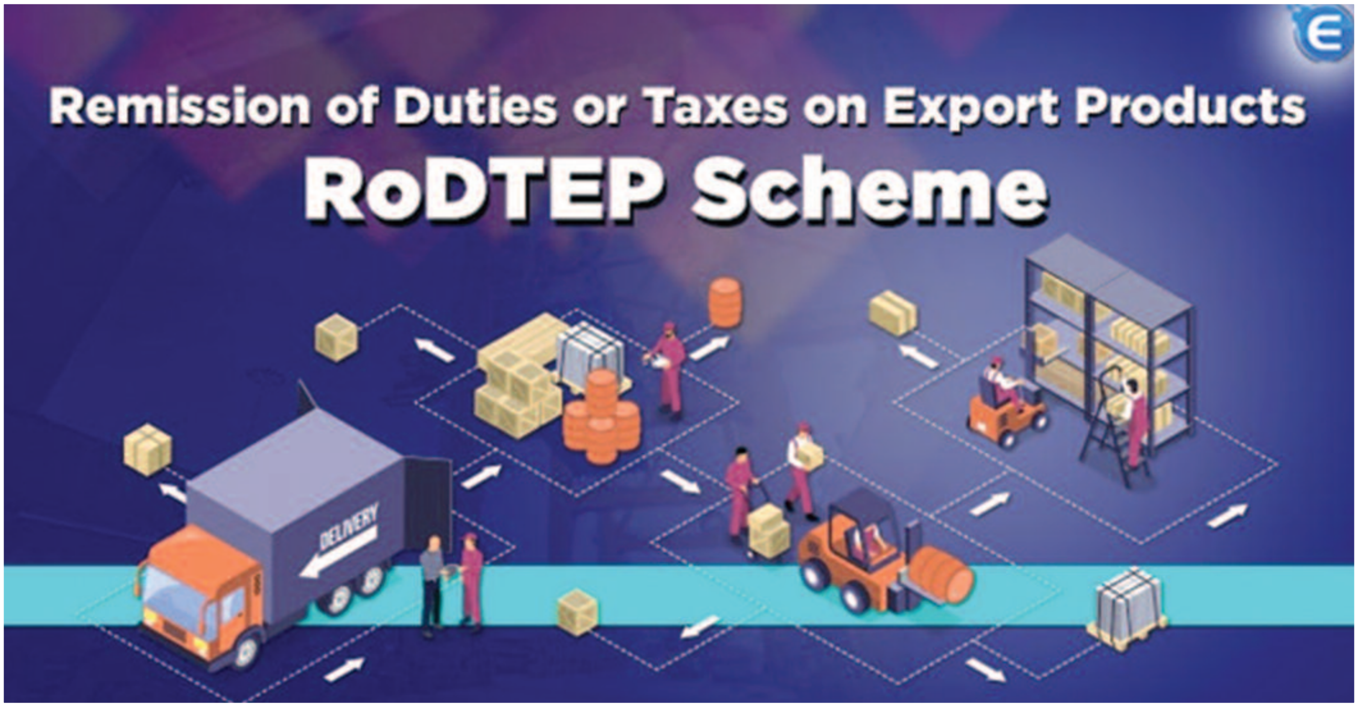
Fiscal incentives and tax benefits

Pharmaceutical industry is a capital-intensive sector with high investment required in equipment and machinery, which are usually imported. In this light, fiscal incentives andtax benefits provided in SEZs have been critical in subsidizing the investments.

Ease of doing business

SEZs provided ease of doing business, especially in termsof single window clearances which helped in quick import and export of products. Two officers are available full time in the SEZ facility to ensure quick clearances, which helps the group in carrying out their activities seamlessly.

EPCES Proposes Inclusion of units in Special Economic Zone (SEZ) and Export Oriented Units (EOUs) under the New RoDTEP Scheme before RoDTEP Committee



RoDTEP stands for Remission of Duties and Taxes on Export Products. It is a new scheme that is applicable with effect from January 1st, 2021. The scheme will ensure that the exporters receive the refunds on the embedded taxes and duties previously non-rebated. Units in SEZs and EOUs also procure domestic inputs and bear the taxes and duties covered under the new scheme. There is no requirement for depriving the SEZ and EOU exporters from the benefit of RoDTEP as MEIS benefits will anyway not be available from January 1 2021. EPCES has been taking up the issue of covering of SEZs and EOUs under RoDTEP relentlessly in every meeting with Hon'ble Commerce and Industry Minister and other officials of Deptt of Commerce and RoDTEP Committee.

Timeline

RoDTEP Committee was under the impression that most of inputs/raw material is imported in case of SEZ units/ EOUs and hence there is no need of covering SEZ units and EOUs under the scheme. Further, RoDTEP would cover basically the unrefunded/ unrebated/ unexempted taxes and duties on inputs domestically procured and all taxes and duties are exempted in case of SEZ units/EOUs. This is not true. Moreover, the RoDTEP scheme seeks to refund currently un-refunded (i) duties/taxes/levies at the Central, state and local level, borne on the exported products, including prior stage cumulative indirect taxes on goods and services used in the production of the exported products and (ii) such indirect duties/taxes/levies on distribution of exported products Thus scope of RoDTEP is large and many such taxes/duties are not exempted for SEZ and EOUs.

18TH DECEMBER 2020

A virtual meeting was convened by the RoDTEP

Committee to cater the view point of SEZs units and EOUS. EPCES had requested that the rates under RODTEP for SEZ units and EOUs should be same as applicable to DTA exporters and thus there is no need of calculation of rates specifically for SEZ unite/EOUs. This will subject to foregoing present exemptions from payment of electricity duty, VAT/Excise on fuel, stamp duties as the same will be covered under the RoDTEP once launched. In support of that, the Chairman RoDTEP Committee has asked us to submit the data in the prescribed format in respect of major units in SEZs and EOUs for different products in different regions so that they can compare the same with the data submitted by the DTA exporting units till 26.12.2020.

28TH December 2020

As directed by the Committee, data in respect of a few EOUs and SEZ units (which could be made available in the limited time available) for certain products was provided as summarized in annexures concerned for determination of ceiling rates under the RoDTEP on the pattern of DTA exporters along with a State-wise list in respect of exemptions for SEZ units and EOUs from payment of Electricity Duty, State VAT on fuel, stamp duty and also requested to committee to give suitable time to EPCES for hearing in this regards on 28.12.2020.

January 2021

Although official notifications are yet to be released, the implementation mechanism shared by way of releasing an Advisory (No. 01/2021 dated 1st January 2021) for RoDTEP scheme gives an indication that RoDTEP benefits may not be available to exporters from SEZ units and EOUs as even the information sought from the traders is specifically required for DTA only. Discontinuation of Merchandise Export from India Scheme (MEIS) with effect from 1st January 2021 and lack of clarity on inclusion of SEZ units and EOUs in RoDTEP scheme has created an air of uncertainty among exporters from SEZ units and EOUs.letters had been addressed to hon'ble Finance Minister and hon'ble CIM by the officiating chairman EPCES. In letters addressed to Finance Minister Nirmala Sitharaman and Commerce & Industry Minister Piyush Goyal, the council also proposed that till RoDTEP rates are announced, the older incentive scheme, Merchandise Export from India Scheme (MEIS), should be continued."The implementation mechanism makes it clear that RoDTEP benefits may not be available to the exporters from SEZ units and EOUs. This needs to be revisited immediately. SEZs and EOUs contribute about 30 per cent of the country's total exports," Bhuvnesh Seth, Officiating Chairman, EPCES, represented to Hon'ble Finance Minister and Hon'ble Commerce and Industry Minister. DG EPCES also addressed letters to RoDTEP Committee and officials of the Dept. of commerce and DGFT for the same.

February 2021

As requested DGFT conducted a meeting on 11th January 2021 on the issue of inclusion of SEZ units and EOUs in RoDTEP scheme and it was decided that a formal detailed proposal may be submitted urgently for consideration of the RoDTEP Committee. Accordingly, the Export Promotion Council for EOUs and SEZ units (EPCES), on behalf of SEZ and EOU members, hereby, makes the submission in the enclosed proposal, along with relevant appendices, with regard to our request to include SEZ units and EOUs under the RoDTEP scheme. Thereafter a proposal had been made and submitted to the chairman RoDTEP Committee and officials of the Dept. of Commerce and DGFT on 10.02.2021. Completed Proposal report is made available at- https://www.epces.in/uploads/ highlight/ Proposal 202105021619957905.pdf

An executive summary of the proposal has also been addressed for Quick Review as under:

Executive summary

The RoDTEP scheme proposes to rebate duties and taxes at the Central, State, and local level, incurred in the process of manufacture and distribution of export products, which are currently not being rebated under any other scheme. However, at present, it appears that this scheme has not been extended to SEZ units and EOUs, even though these exporters also have to bear such taxes and duties in respect of export products because of the domestic procurement of inputs by these units.

S. No.	Points to be considered	Brief explanation
A	Significant domestic procurement of inputs/ capital goods by SEZ units/ EOUs	1. As per the data enclosed in the proposal, approximately 25% of inputs/raw materials/ consumables required for manufacturing export products are procured domestically by SEZ units and EOUs, just like other DTA units. Therefore, SEZ units and EOUs also bear such taxes and duties on inputs which get embedded in the prices of exportedgoods. 2. In fact, there are certain industries in SEZs and EOUs such as Information Technology (IT) hardware, tea, coffee, spices etc which procure more than 50% of their inputs from domestic markets.
B	Embedded taxes on domestic procurement by SEZ units and EOUs.	Below mentioned taxes on domestic procurement of inputs/ raw materials/ consumables are being embedded in the cost structure of exported products. Similar is the case with DTA units, however, as these units are being included in RoDTEP scheme, embedded taxes in respect of these DTA units will bereimbursed. 1. State Value Added Tax and Central Excise Duty on fuel used in inbound and outbound transportation constitute approximately 0.60% and approximately 1.22% (based on limited sample) of the export turnover for SEZ units and EOUs respectively, and on captive consumption of approximately 0.41% and approximately 0.04% (based on limited sample) of the export turnover for SEZ units and EOUs respectively, thus forming an embedded cost for which incentive under RoDTEP scheme is being denied. However, actual average percentage will be similar to the DTA units in respect of different products. 2. Electricity duty levied on electricity charges incurred for manufacture of goods is not being rebated. In some States, there are exemptions to SEZ units, however, the same are conditional in nature and are limited to specific time-period. SEZ units, which are not covered by the exemption (or exemption has expired), are incurring an embedded tax cost of approximately 0.14% (based on the limited sample) of export turnover. Further, no such benefits are extended to EOUs resulting in an embedded tax cost of approximately 0.16% (based on the limited sample) of export turnover being embedded to EOUs. However, actual average percentage will be similar to the DTA units in respect of different products. 3. Embedded GST paid on procurement from various small and composite scheme suppliers constitute around approximately 0.99% and approximately 0.14% (based on the limited sample) of the export turnover, forming an embedded cost for SEZ units and EOUs respectively. However, actual average percentage will be similar to the DTA units in respect of different products. 4. Other taxes such as stamp duty, mandi tax etc are also being embedded as tax costs to SEZ units and EOUs, as they are levied on units operating in numerous sectors. However, actual average percentage will be similar to the DTA units in respect of different products
C	SEZ units and EOUs becoming uncompetitive due to export of such unrebated/unrefunded taxes and duties	Non-inclusion of SEZ units and EOUs under RoDTEP Scheme would make these units uncompetitive in global market due to export of such unrebated/unrefunded taxes and duties.
D	No significant financial implications on exchequer by inclusion of SEZ units and EOUs	Exports from non-IT SEZ units and EOUs (which will be eligible for RoDTEP) constitute only about 11.28% of overall exports of goods and services from India (approximately 19.05% of total export of goods). Therefore, including SEZ units and EOUs under RoDTEP scheme will not cause any major financial burden to the Government.

S. No.	Points to be considered	Brief explanation
E	Immediate and Long-term effect on SEZ units and EOUs	Apart from increase in cost of exported products and disparities within the Indian exporting community, major repercussions on exclusion of SEZ units and EOUs from scheme of RoDTEP would be: 1. Increase in cost of exported products may lead these units to either scale down their operations or closedown; 2. Disincentivising such units for domestic procurement and procuring raw materials from outside India which would be against the "Make in India" and "Atmanirbhar Bharat" initiatives of the Government; 3. SEZ units and EOUs may move outside the country; 4. New entities not setting up under SEZ/EOU scheme; 5. Investments made by Government of India and the units in respect of such SEZs and EOUs may go waste since these units may have to exit from SEZ/EOU scheme considering said schemes may not remain a viable business proposition.
F	Central schemes not to be left at State's discretion	1. Presently, some exemptions are given by some State Governments for some of the taxes and duties covered under the RoDTEP scheme which vary from State to State. 2. Since a comprehensive and uniform RoDTEP scheme has been formulated by Central Government for refund of such taxes and duties, and SEZs and EOUs are also Central Government schemes, it is logical that SEZs and EOUs should not be left at the discretion of the State Governments and hence covered under the RoDTEP scheme. These units are willing to provide undertaking that they will not claim exemptions for taxes and duties which have been covered under RoDTEP under any other scheme either Central/ State-level.

"We sincerely hope that exporters from SEZ units and EOUs will be covered under the RoDTEP scheme to avoid export of duties and taxes and to enable these exporters to be competitive in global export market"

—DG EPCES

Sanction of pending IGST refund claims for shipping bills filed up to 31 March 2021

The Central Board of Indirect Taxes and Customs (CBIC) noticed several pendencies in the sanctioning of refund claims of Integrated Goods and Services Tax (IGST) due to non-transmission of data from GSTN to ICEGATE systems because of mismatch in returns filed in Form GSTR-1 and GSTR-3B. In order to overcome this refund blockage, the CBIC had provided an interim solution subject to undertakings/submission of CA certificates by the exporters and post refund audit scrutiny. The CBIC has now notified that the said solution shall be applicable mutatis mutandis for the shipping bills filed during the financial year 2019- 20 and 2020-21 (i.e., in respect of all shipping bills filed/to be filed up to 31 March 2021). Further, it prescribed that the CA certificate should evidence no discrepancy between IGST amount refunded on exports and actual IGST amount paid on export of goods for periods April 2019 to March 2020 and April 2020 to March 2021, shall be furnished by 31 March 2021 and 30 October 2021, respectively.

Can India ever beat China in terms of economic warfare?

By Ashok Bakshi

India at present can hurt many Chinese companies but in return India will get hurt also very badly. China can build its infrastructure (roads, ports) armoured weapons, space technology, supercomputers at an alarming supersonic jet speed rate that even established superpowers and developed countries like the USA, Russia, France, Germany, United Kingdom and Japan can't beat them. Because in China they do not have to deal with petty issues such as useless protests by farmers, Trade & labour unions, no reason for any commercial litigations and oppositions joining hands with the sole objective to get hold of power. If China wants to build a national or state highways, ports or metros for the public at large, they (CPC) just make decisions and build the same without any noise being made or heard from any quarter. It is for the country's welfare at large and for people to use it the same. Their economy with country forex reserve booms with GDP that is the end of story.

Ashok Bakshi

In India, to build a metro in any city or national / state highway, ports, any new industrial area for backward integration or development you must obtain permissions and have to address many stakeholders to start the work for any dream project. For any dream national project one of the stakeholders for some reasons or the other will oppose level best for the project and you have to use your energy and resources to satisfy them either by changing your plans or spending a lot of time negotiating with no results visible immediately. Then an NGO comes in to raise his voice to protest the building of the metro lanes, highways or ports. A couple of months will fly in this whole process with no end-result. Just as the work is about to start with many hurdles crossing, someone brings in a stay order from the thin air from our noble judiciary. Now once the courts are involved, you can jolly well give up all hopes that your dream project will be built in your lifetime or will see the day light

A big salute to our Indian judiciary system which is known fact all over the world that legal cases hearings in our courts, judge's transfer for no reasons, advocates are on mass leave or they are on strike, evidence submitted relating to the case is not appropriate. Judgment from the lower court is against the protesters, so they move to the next level of session court. By the time final judgement is delivered, much of the water has flown under the bridge. You get the idea how our system works.

China (one party rule with iron hand) for the development of its economy with its advantageous policies has overtaken well established superpowers like the USA, EU and others within a couple of decades.

Why is India not able to match the other developed economy of the world, because of our highly corrupt political and bureaucracy set up?

The key issues are as such;

Investment and Revenue: Finance and Money is like blood to the human body for any business venture. Over the last few years- no major Foreign Investment worth to be appreciated is coming to India in comparison to countries like Taiwan, South Korea and Vietnam. USA, France, UK and Japan are investing in India through the equity participation of well established companies listed on national stock exchanges. There are approximately 30500 Start Ups in India which require between USD 3.5-4.2 Billion of capital seed funding and at present. Govt. of India at present is short of funds and not in position to finance these start-ups in a short period as a very large amount is being spent on medical expenses to contain deadly pandemic COVID 19 breakout in India which is exported by our neighbour China to all over the world. If India wants to choke Chinese trade - that would cause a huge and real problem to thousands of people who are working on various projects and many Start-ups would face premature death simply due to lack of funds and investors. Chinese have made very huge investments in various leading Indian Companies and if they withdraw their investments today-these Indian Companies will become overnight BANKRUPT and will add up to the NPAs of all commercial banks in times to come.

Time lag and Unemployment: If we all Indians stop buying any Chinese product overnight say mobile phones (Lava, Oppo). How many people or labour force is working in these tele-com mobile companies, their pay-checks will be stopped. People will find themselves wandering on the streets as already many other migrant and casual labour force have lost their bread and butter due to this COVID 19 impact in India.

Let us take a simple example of the Component and Packaging industry. China supplies component and packaging material to India which is 1/3rd the price of any other material being procured from any other source. Components and Packaging is assembled by Indian Companies at Indian factories through the GVC (Global Value Chains) model. At present approximate 70% of component and packaging material is imported into India for the high-tech industry. Imagine this supply is cut off. What will be the alternative available for us? Indian Made Component and Packaging material may be thrice as expensive but even if the patriotism takes birth in us we don't mind a higher price for the product, to make up the 70% supply would take a minimum of 30 months to cover up our shortcomings which means there will be a TREMENDOUS SHORT SUPPLY for a period ranging from 12–60 Months depending on the product and their quality in question. We all are patriots for India and patriotism is part and parcel of our blood. We become emotionally very weak at short notice - eventually at present our income is the same but the expenses will rise due to various factors and slowly demand will come down for fall manufactured products. So the Indian companies (if imports are curtailed or customs duties hiked)and our factories which are paying more for Raw Material will end up laying off their staff and people which will result in more jobs lost pay-checks.

Imports are crucial for any developing economy: India imports hundreds of Global Supply Chain crucial components that they simply cannot import from other countries due to the higher cost factor. South Korea and Japan would be costlier, but even if we were prepared to pay the extra price and due to our emotional factor (patriotism) - they could not produce more than 20% of our present needs.

A Simple example is Air Conditioning. All Coolant Tubes are manufactured in China or India but there is a crucial component called MSX-JV-5 Valve (A big Sorry have no idea what this means) which is made only in China and South Korea which is vital for regulating coolant flow in AC. 15 such pieces are needed for a Normal 1.5 Ton Air Conditioner (Split AC). This component costs $ 5.30 or INR 415/- for a set of 3 pieces and Rs. 2075/- for an Air Conditioner of 1.5 Tons. Component import is stopped. No other source available with quality and price and even if we decide to manufacture it - it would take a minimum of 3–4 years to start off and around 7 years to reach even 30% of our domestic market demand. South Korea cannot manufacture even 50% of our demand even if we were prepared to pay a 40% higher price. So, No Air Conditioners and you have to slog your-self in the summer heat of India. Even if we are patriotic enough to the highest level to sweat in the 42 degrees heat, what about our Medicines? Pharma Drug? Where do we import from if not from China? Nobody else will give us so much in huge bulk quantities. All countries will need them for their own population survival.

What are the options available to India to make its economy of USD 5 Trillion?

Hard Decisions are required for the uplift of our economy

We should not hesitate to learn and taking lessons from history of our past rulers of India, how they revived their economy to new heights of "Chola Dynasty - Self-governance at the city or town levels helps accelerate growth", "Asaf_ Ud Daulah - "Jisko na de maula, usko de Asaf-ud-Daula" maker of Lucknow - construction of the Bara Imambara - Governments can stimulate economies through large-scale public works", "Sher Shah Suri - Fresh surveys, coupled with infrastructure projects, help shake-off old inefficiencies, and increase tax revenues", "Chandra Gupta Maurya - Simplifying tax regimes, while boosting irrigation, stabilises the backbone of the economy, allowing other sectors to flourish", "Akbar - Price control helps better planning, and microfinance gives rural economies an added boost".

How to Improve our Business Prospects?

Organisations must and have to consider how the current crisis will change our long term social interactions, relations, events, personal contacts and what all the products and services will serve them better in Post COVID 19. Many domestic and international customers' behaviour will require new or modified products and services. Many New market leaders will emerge while some past leaders will disappear from the business scene. Smart companies will adopt a proactive approach to understand what changes will occur and be ready to adjust their products, services and strategies quickly to meet current and future customer needs. Many customers will certainly have higher sensitivity to germs and the risks of spreading infections. This alone behaviour will change many industries Post COVID 19. Customers and workers will be more sceptical of close contact with others. Consumers travel, dinning; entertainment and product preferences will be different for months to come.

The Post COVID 19 world opens up a host of excellent business opportunities for India. Geopolitically, the most significant anti – China sentiment across the world opens many exciting challenges for India that we as a nation can turn to our maximum advantage. Most of the developed nations in the world are looking at Global Supply Chains that pass through India. India with many possibilities is a solid source for regular and reliable supply of goods / services with excellent quality is the best alternative for any business. Yet many good international companies preferably are choosing and locating their manufacturing plants in countries like Vietnam, Thailand, Cambodia and Bangladesh as alternatives over India.

Why is that happening? What can India do to attract these international companies & investments?

In addition to improving world class infrastructure, stabilizing our financial system, accelerating the adoption of the latest modern technologies and encouraging the best cultured workers community. India can fundamentally transform by taking some bold steps and opening the economy for the world at large while keeping away from our corrupt system. India certainly can make it an investor friendly destination by adopting few key changes to accelerate our economy-:

1) Stable Policies
2) Stronger Judiciary
3) Financial Reforms.

Stable Policies: India's policy orientation has been very highly volatile from the day they are made and announced for implementation. This will make any potential international investor confused to take decision for any business investment in India. Sudden Policy changes particularly that are retrospective in their application are big detrimental to the long term prospects of the country. India's 5 Trillion USD GDP economy goal can be realised through self-creation and consumption, and by becoming a reliable and dependable global partner in international business. The Global economy today is very much inter-linked in every aspect. We need foreign partners and investors to boost our economy. We need to become a large net exporter with net foreign exchange earners.

Many drastic steps have been taken by us in last few months which make a positive perception emerge in our favour globally. Putting all suspension on various Chinese Apps may be a signal to the world to dry out the resources for the particular country but the goods paid or ordered by any Indian importer must be cleared faster than ever before. Such moves banning of Apps will help our domestic industry IT /ITeS to make India "Atamnirbhar Bharat".

Large companies like Apple that have manufacturing bases in China will only move when we can convince them that quality of manpower with excellent requisite skills is available in plenty here. A stable and enabling policy environment will encourage any international company to have a large manufacturing presence in India. (Apple has moved some of its manufacturing base in Tamil Nadu, but due to trade union strike and violence at the production plant has been very badly damaged by labour's union thus creating a very bad image for India from the FII point of view).

Our Industrial / Foreign Trade Policies should be made for fixed duration avoiding changes, so investors can make their plans suitably for the future. Business Policies matter should be discussed in detail with State Governments and respective Trade Bodies / Associations to implement them in good national interest. GST Act was implemented in India during July 2017 and since then how many amendments / notifications have been issued and applied, it is for anybody to guess. FTP 2015-20 (2015-21) with no end to Trade notices / Amendments / Circulars loses their relevance from the international trade business community.

India is to improve the speed of justice

Establish and adoption of e-courts, robot judges, using machine and artificial intelligence to speedy deals with respective cases like cheque bouncing, minor trade disputes can dramatically alter our perceptions and to great extent reduce the crowd in our courts. This is India's low hanging fruit. All justice in six months and no grant of more than one adjournment will make our judicial system more effective, speedy and valuable.

Arbitration matters if any must be closed in six month time duration, Government litigation must be very strictly accountable and conciliation must always be the most used option. The incentive to delay justice can be completely eliminated. Bunching of like cases, the issuance of speaking judges without extensive quotes from past cases and a mandatory 'speech of text' facility for every judge can be the new enablers.

If all the cases are immediately available to view on the internet, transparency will be established with trust and faith. Video recording of all court proceeds will be the best insurance against wilful procrastination (delay – lateness), multiple adjournment and an ill prepared defence! Frequent change to our Indian law should halt urgently. The movement towards sun-set for redundant laws must be accelerated in top gear. Today any business in India needs to fulfil end number of compliances out of which many may lead to jail terms to you very smartly. This regulatory cholesterol must be and have to be severely limited. Respective Ministries may issue an APP which harmonises and extremely simplifies compliances. Uploading these compliances with documentary proof will eliminate "Inspector Raj" and usher in holistic e-governance.

All laws must be clarified, should be made transparent and frozen for the next 5 years. There is urgent need to remove all types of uncertainty in application of law through advance rulings per present time requirement. There should be no retrospective amendments ever. Better talent in our courts should be encouraged in complex matters. Focus on extensive training with intention of swift, accurate resolution and a positive goal mind-set that no case must be left un-finished after six months of filling.

Speedy Justice is a sine qua non for FDI

Outdated laws especially in the manufacturing sector need to be completely eliminated which are a head-breaker for FDI & DI. We should and have to work out the way to stabilise our policies framework and improve our legal system swiftly and roll out a "red carpet" for Domestic / Foreign investment for India.

Finance & Other important Reforms suggestion

- SEZs / EOUs Act – Sunset clause ending on 31/03/2021 may kindly be extended for another 5 financial years to bring more FDI and Domestic investment for the betterment of our economy / GDP and to improve Pandemic COVID 19 conditions. Sunset clauses should be cleared at the earliest by MoC&I. If Direct / Indirect Tax benefits are not available or not being extended for the new units then why should the new units should come and invest in SEZs.
- Direct and Indirect Tax benefits being given to SEZs units should also be extended / given to EOUs units with another 5 years extension.
- IT / ITeS industry employees are allowed to work from the home for the last many months since the breakdown of this deadly COVID 19 in India and no difficulty being faced or reported by any overseas customers in delivery of services / products. Major IT / ITeS units may vacate their premises from Pvt Developed SEZs or can curtail or reduce covered area

per new business environment requirements basis in coming months and with all pro-ability they will move to STP / NSTP areas for the optimum utilisation of their available resources and this in return will create more vacant place in Developers SEZs & Govt. SEZs and this will certainly affect their rental income in coming months.

- Permission for Sale of Goods and services for SEZs/ EOUs may kindly be permitted on Duty Free supply to DTA on duty forgone basis specially products which are being imported and our SEZ / EOU units will be in far better position to utilise their installed production capacity and workforce effectively.
- SEIS Benefits / limits may kindly be extended till the FTP is 31/03/2021 with more allocation of funds from the Ministry of Finance. SEIS portal / window should be opened with the period extension at the earliest to enable exporters to file their applications as price factors have already been discounted in export price of products and services by the overseas customer. There should be no cap limit for SEIS to claim benefits by respective exporters.
- RoDTEP policy benefits should be extended and made available to all SEZs and EOUs units and rates to be disclosed urgently to clear the doubts from all exporters mind.
- GST refund process should be simplified for SEZs / EOUs Units with time limit fixation after submission of application of refund to the department.
- Integration of SEZs portal online with ICEGAE for smooth hassle free clearance of goods from custom at the earliest.
- Job work by SEZs / EOUs units for DTA should be allowed. If required, the cap limit can be fixed depending on the product nature.
- EOUs Units should be treated at par with SEZs units with all applicable benefits available to them.
- EOUs units deserve better treatment from the Revenue Departments as they are always established in the far away from cities in the backward area to help the rural economy.
- Overdraft / Loan facilities should be easily available on easy terms with minimum collateral security margin and paperwork.
- Finance cost / Interest on Loan amount should be available at competitive international rates considering our competitive countries.
- Pre-shipment / Post-shipment / Packing Credit / Bills discounting & negotiations / Factoring / Hedging finance facilities should be easily available from commercial banks / financial institutions.
- Electricity (Energy Cost) / Communication charges should be reduced and deposit if any to obtain these facilities should be returned back to SEZs / EOUs units to ease their working capital requirement.
- Excise and VAT on petroleum products should be reduced, so the freight charges for to & fro material can be reduced to make our products more competitive in the international market.
- Amount not able to recover from overseas customers exporters should not be harassed by any Govt. offices such as ED, DRI & RBI. Write-off permission should be available to AD Bankers and the exporters. If the exporter name by default ends up in the caution list, his business finance limits should continue with bankers.
- Merchant Trade Transaction (MTT) should be simplified to help our exporters penetrate in the international market to earn exchange and to capture more shares in international trade.
- FEMA Act, should be user friendly and simple to be followed by everyone to attract and invite more Foreign Direct Investment (FDI) in key areas of economy & RBI should not impose any (LSF) Late Submission Fees on Downstream Investment (DI) made in India by any company.
- E-BRC / FIRC should be given on no charge basis to SEZs /EOUs units.
- Form CT-3 (Excise) process should be made simple to be followed by everyone easily.
- Filling Bill of Entry for Import or Export documents/Softex Forms or any other form on NSDL portal every unit has to pay minimum charges for filing of these documents which is not in case of STP/NSTP or DTA unit. Such charges affect the bottom-line of the SEZs unit concern. This practice must be discontinued. Developer & SEZs officials should raise this concern with appropriate officials regularly.
- Endorsement of documents for local procurement in SEZs is time consuming and units have to bear certain unaccounted expenses which cannot be expressed in the words and this practice should be discontinued with immediate effect and SEZs units undertaking should be

accepted for all reasons. In and out process of any material from any SEZs should be made simple and easy to follow.

- Unit Expansion or Capital goods investment or any petty matters are always referred to UAC meeting which is held once in a month at the discretions of concern officials which is very time consuming process and put lot of strain on the management for no reason, which is not in the case of STP / NSTP / DTA. Bonding / Debonding at SEZs / EOUs is very time consuming. UAC meetings should be on a fortnightly basis to ease of doing business in SEZs.
- If any SEZs units sell their services or goods inside India, then they have to take the sale money in foreign currency, so Buyer has to approach his bank and arrange Dollars (Foreign Currency) to make payments by paying INR in which the Indian Banks takes their commission and service charges and then the buyer has to pay concern SEZ units in Dollars (Foreign currency) and then SEZ units have to deposit these Dollar (Foreign Currency into their Bank A/c to convert them into INR, in which they also have to pay and bear commission / bank charges to their respective bank. It means our process is such where buyer and seller both are at the receiving end because of the system process being followed by us and implemented in India. Developer & SEZs officials should raise this matter with RBI to provide some relief to SEZs units. As both buyer and seller are losing on exchange conversion.
- MIS reporting should be consolidated with filling of all reports at one place to utilise resources better and economical way.
- Depreciation process and its method on retirement or sale or transfer of goods from SEZs / EOUs units' rules should be simplified.
- Land should be available at discounted rates for the export units who surpass their export targets at prominent locations on a preferential basis.
- Land Reforms / Construction process should be simplified and easy to follow.
- Dedicated freight corridors such as Railway for the fast movement of goods at economical rates and better road connectivity to all Ports will make certain differences and mind sets of everyone have to be changed involved in Export / Import or any other services.
- India is the only country in the world, where our exporter's service is not recognized the way it should be, as they earn valuable foreign exchange and help to build a sound economy.
- Social security should be provided to all organised / unorganised workers as well all exporters as they do their best for the growth of the economy by paying various types of taxes. If any business ventures fail due to any reason beyond control, then entrepreneurs lose their personal wealth and how to support them in this critical time they are going through that part should also be considered by respective officials seriously.

Our System claims very loudly and proudly that we provide single window clearance for any entrepreneur to start his / her business venture in India, but game rules are differently followed by each department from the word go for an entrepreneur as he / she has to interact with various departments Pre – Pro incorporation such as Direct Tax (Income Tax – Application for PAN #, Filing of Tax Return), MoC&I (FTP 2015-21, SEZs / EOUs rules and obligations to file LOA and LOP application, dealing with DGFT for IEC #, Import Licence etc.) Indirect Tax (Custom, GST & VAT, Ports, Check-Posts), MoC, RoC & CLB, (Company Name & Registration) FEMA Act, Factories Act, Minimum Wages Act, Bonus Act, Maternity Benefit Act, Industrial Dispute Act and Shop & Establishment Act and various other State Acts etc. Minimum 2-3 months are required to understand the implications of various Indian Acts applicable on the unit before the commencement of commercial business operations in India with sufficient resources available at disposal. If lacking anything, it takes no time to disappear in thin air for the prospective entrepreneur.

The root cause for all the problems in India is that we all are going through a lack of belongingness and honesty in work for the country, our education system and lack of willingness on all political parties as well our bureaucrats to open the economy with bold reforms. Unless these are not taken care of, our progress will not be able to make head-winds for international trade. Small countries like Vietnam, Taiwan and Bangladesh are able to make inroads in international trade, a serious thought process is required from everyone in India that where and why we are lacking. ■

Status of Issues Taken up with Government

We are happy to inform you that EPCES has created a google spreadsheet of the pending issues of the EOUs & SEZs. The said sheet has been shared with the Department of Commerce & other authorities also. The status of the issues is updated in the sheet on regular basis. The sheet is also available on the EPCES Website: www.epces.in

Sl No	Subject	Details	Status by EPCES
1	**RoDTEP for SEZ and EOUs**	SEZs and EOUs should also be covered RoDTEP with no exemptions for such taxes and duties if such exemptions are available in some States for SEZ units/EOUs	A formal proposal was prepared using the assistance of knowledge partner Grant Thornton. It has been submitted to Finance Minister, Commerce and Industry Minister, Chairman RoDTEP Committee, DGFT, Commerce Secretary, Revenue Secretary on 10.02.2021. They were reminded again on 16.3.2021. The issue has been raised by EPCES in the meeting held by CIM with all EPCs. The proposal is pending in D/o Revenue
2	**1. FTWZ as multisector FTWZs 2. Allow FTWZ to be converted into normal SEZ**	Vide Notification dated 17.12.2019 the Ministry of Commerce amended Rule 5(2) of SEZ Rule and declared all existing SEZ to be Multi Sector Special Economic Zones. FTWZ is SEZ and hence FTWZ should be multisector SEZ. However, DGEP commented that the notification does not mention FTWZ and hence the same is not applicable to FTWZ. Raytheon, Walther and other international companies wanting to relocate their business from China and who are already doing business with Indian FTWZs are requesting for this clarity. It needs to be formally clarified Alternately, FTWZs should be allowed to be converted into normal SEZs without going through the process of denotification	It has been decided that SEZs can approach for BoA as a precedent has been created vid e Agenda item no 103.5 (ii) of the 103rd meeting of the BOA held on 18.3.2021 approving the request of M/s Arshiya Northern FTWZ for change of sector of its FTWZ into 'Multi Sector SEZ' in terms of Rule 6(A)(i) of SEZ Rules, 2006.
3	**1. Extension of ICEGATE to SEZ. 2. Exemption to units from payment of charges for SEZ Online**	1. CBIC may be requested to extend ICEGATE to SEZs as the customs officers are already there who can be authorized to operate that system. 2. SEZ units have to pay for all transaction in SEZ Online System for export/import/DTA to SEZ/SEZ to DTA etc., whereas for DTA exporters and importers, no charges are levied by ICEGATE. Hence, on the pattern of ICEGATE, SEZ Online charges should be borne by the Government.	EY completed the study about the costs in case of extension of ICEGATE to SEZs vs costs in SEZ online. The Report has been submitted to the D/o Commerce on 7.4.2021. D/o Commerce set up a committee to study the charges. by SEZ Online. It has been decided to rationalise the charges levied by SEZ Online
4	**Payment in INR to SEZ units selling services in DTA**	As per Sec 2(z) of SEZ Act, services means such tradable services which ean foreign exchane. If a SEZ unit sell services in India, as per SEZ Policy, he has to accept payment in foreign currency only. This causes avoidable wastage of time and money. This needs to be amended and clarification issued. There is no point in buying FE by DTA buyer to make payment to SEZ sellers. Unfair criterion for Services SEZs needs to be eliminated to prevent relocation of business to overseas Tax-Free destinations of Philippines, Vietnam, Thailand, etc. resulting in diminishing employment avenues for our educated youth.	SEZ division has referred the issue to D/o Revenue. It is pending with D/o Revenue

Sl No	Subject	Details	Status by EPCES
5	**Sale of goods from SEZ to DTA on duty foregone or equalisation duty concept.**	For flexibility and better utilisation of SEZ capacities, SEZ units should be allowed to make DTA sale on payment of duty equivalent to duty forgone on the raw material used in the manufacture of finished goods sold in DTA market on the pattern of EOUs or on levy of equalisation duty concept to neutralise the advantages for SEZ units vis-a-vis DTA units. Further, as part of Ätmanirbhar Bharat" Initiative, India is importing many products from FTA countries at zero duty. Similarly, other items are being imported. In order for import substitution and towards the cause of "Atmanirbhar Bharat", there is a case of allowing such products to be manufactured in SEZs/EOUs and sell in DTA at zero/concessional duty.	It has been taken up with D/o Revenue by the SEZ division of the D/o Commerce.
6	**Double payment of import Duties- SEZ Act as well as IGST ACT - Exempion under IGST Act for SEZ to DTA supplies**	There is case of double payment - Customs duties as per SEZ Act and payment of IGST as per GST laws). There is a need for exemption for such payment in GST laws. A proposal also needs to be sent to DoR for seeking exemption from such payment for approval of GST Council.	Department of Commerce issued OM dated 22/9/2020 addressed to Principal Commissioner GST on clarification regarding double incidence of taxation (double payment of customs duty in case of SEZ to DTA supplies) giving reference to CS DO letter dated 3.1.2020 to RS with copy to GST Policy Wing and requested that the said issue may be considered on priority so that the necessary amendments to the IGST Act could be carried out throughthe forthcoming Finance Bill.
7	**EODB ranking for SEZs/EOUs**	We should have EODB ranking for SEZs and our effort should be to be best	DPIIT has taken it up as part of their IPRS 2.0 (Industrial Parks Ranking System). EPCES has provided a list of top 50 SEZs for the purpose of ranking.
8	**Exemption from Compensation Cess to SEZs**	Notification No. 64/2017-Customs dated 5.7.2017 exempted whole of the integrated tax leviable for the goods imported by a SEZ unit or developer, in the SEZ for authorized operations. Howwever, Compensation Cess was not spcficially mentioned in this notification. Hence Customs is raising queries while clearing such commodities which are already mentioned in LOA.	DOC vide OM No. K-43015(18)/2/2019-SEZ dated 9.5.2019 requested ADG(EP) to issue a clarification
9	**Clarification regarding the liability of payment of GST/Custom Duties by EOU in case of printing of books by EOU on the orders of the foreign client and supply of the same under Para 6.09(b)on behalf of the foreign client to DTA buyer who are buying the same from foreign client (F)**	Books are printed by EOU on the orders of foreign client. The contents of the books are supplied to the EOU by the foreign client . The raw material such as paper, etc. is arranged by the EOU which is used in the printing of books. The EOU gets paid in foreign exchange by the foreign client. EOU supplies (not sale) the printed books on the instructions of the foreign client to DTA buyer under Para 6.09 (b) of the FTP. There is no financial transactions between EOU and DTA buyer. DTA buyer makes the payment to foreign client for the books. The following clarification is needed in this regard: i. Is the EOU / DTA unit liable to pay GST ? ii. Is the DTA unit/ EOU liable to pay Customs duties, if any ?	The matter has been taken up with D/o Commerce and D/o Revenue on 28.04.2021

Extension of ICEGATE to SEZs

There has been constant representation of members about the higher charges being paid by units to SEZ Online. These charges are being paid by the units for the last so many years. In case of Domestic Tariff Area, exporters and importers do not pay any charges for export and import transactions. Therefore, it was thought that whether Customs EDI (ICEGATE) can be extended to SEZs. In view of this, a study has been conducted by EPCES through Ernest & Young LLP to examine the feasibility of extension of Customs EDI (ICEGATE) to SEZs. The following three main areas were identified for the study

1. Extension of Customs EDI (ICEGATE) system for EXIM transactions of SEZ
2. Dealing with transactions between SEZ area and Domestic Tariff Area (DTA)
3. Cost structure for various transactions if customs EDI is adopted in all SEZs against similar transactions on SEZ Online.

The draft report by EPCES engaged Consultant Ernest & Young LLP was completed in March 2021. The draft report was shared with the officials of the Dept. of commerce, EPCES CGC members and other core member group. The study has been completed and the report has been sent to the Department of Commerce and CBIC. The report has been made available on our website (https:// www.epces.in).

Executive Summary of the report is reproduced below:

Executive Summary

Special Economic Zones (SEZ) is a geographically bounded area where laws and regulations related to business and trade are different from the rest of India. SEZ is deemed to be a foreign territory for the purposes of trade operations and duties and tariffs. For operations within SEZ goods and services can be imported or procured from outside of SEZ, free of taxes and duties. The SEZ and Export Oriented Unit (EOU) sector is a major contributor towards country's export, contributing almost a third of India's total exports. SEZs are growth engines that can boost manufacturing, augment exports and generate employment. To fuel this growth Indian government provides fiscal incentives, financial assistance, infrastructural support and environment free of bureaucratic interference.

The functioning of SEZs is governed by Department of Commerce, Ministry of Commerce & Industry (MOCI) through Special Economic Zones Act, 2005 which provides for the establishment, development and management of SEZs for the promotion of exports and for matters connected there with or incidental thereto. The SEZ rules, inter-alia, provide for drastic implification of procedures and for single window clearance on matters relating to Central as well as State Governments. Region outside of SEZs is termed as Domestic Tariff Area (DTA).

In 2009, MOCI has entered into a formal agreement with NSDL Database Management Limited (NDML) along with Infosys for establishing and managing a nationwide integrated digital solution for administration of SEZs of India under the SEZ act. SEZ Online is a centralized web-based system for all SEZs in the country. It enables online submission and processing of all applications, online tracking and compliance to all reporting provision and processing and clearance of all goods and services into and out from SEZ under the SEZ Act. There are about 255 operational SEZs with about 5500 units operating in these SEZs. SEZ Online system integrates with other systems for enabling certain compliance requirement and for reporting purposes. These include integration with ICEGATE for release of goods which have completed import/ export documentation clearance (BOE/ Shipping bill) under

SEZ Act, integration with DGCIS for reporting of trade statistics etc. SEZ online thus enables transactions, facilitates regulatory compliance for SEZ Units and provides administrative support for SEZ administration.

Indian Customs Electronic Gateway (ICEGATE) is the national portal of Indian Customs of Central Board of Indirect Taxes and Customs (CBIC) that provides e-filing services under Customs Act to the Trade, Cargo Carriers and other Trading Partners electronically with respect to import/export of goods and services into/ out of DTA to foreign countries and SEZ. At present, about 43,542 users are registered with ICEGATE who are serving about more than 12.5 lacs importer/exporter. Through this facility Indian Customs offers a host of services, including electronic filing of the Bill of Entry (import goods declaration), Shipping Bills (export goods declaration), e-Payment of Customs Duty, a free of cost web-based Common Signer utility for signing all the Customs Documents, facility to file online supporting documents through e-Sanchit, end to end electronic IGST Refund and etc. ICEGATE is internally linked with multiple partner agencies including RBI, Banks, DGFT, DGCIS, Ministry of Steel, Directorate of Valuation and other various Partner Government Agencies involved in EXIM trade enabling faster Customs clearance. All electronic documents/ messages being handled by ICEGATE are processed at the Customs' end by the Indian Customs EDI System (ICES), which is running at 245 Customs Locations. ICEGATE is undergoing a technology upgrade to further enhance its capacity to handle more user transactions.

Filing of EXIM related documents (for relation to export and import from DTA) on Indian Customs EDI gateway (ICEGATE) can be done via service center or via SMTP to designated email address and file upload option on ICEGATE webpage. In case of SEZ, filing and processing of EXIM documents takes place online via SEZ online under the authority of SEZ Act.

ICEGATE has been developed and is being operated by CBIC through System Integrators who have been selected and are being paid for by CBIC. Hence the online transactions using this system is not charged for by CBIC. Importers / exporters using facilitation centers are required to pay transaction charges.

SEZ Online has been established on a user-pay model. Therefore, the Government does not pay any capital cost or operating cost to NDML and they have invested for necessary capital cast and spends for all operating cost. They are allowed two kinds of fee to be charged from the SEZ units. Transaction Charges for processing EXM transactions and subscription charges for remaining compliance and reporting related functionalities.

A comparison of charges is given as under.

Type of transaction	Charges payable by user on SEZ Online	Charges payable by user on ICEGATE	
		Online mode	Offline mode
Bill of Entry	Rs. 100 per transaction	NIL	Rs. 80 up to five items
Shipping Bill/ E-Commerce Exports	Rs. 100 per transaction / Rs. 20 per transaction	NIL	Rs. 80 up to five items
DTA Sale Bill of Entry	Rs. 100 per transaction	N.A.	N.A.
Bill of Export for DTA Procurement	Rs. 100 per transaction	N.A.	N.A.
DTA Procurement	Rs. 100 per transaction	N.A.	N.A.
Softex	Rs. 30 per invoice	N.A.	N.A.

It is understood that a majority of parties use facilitation services at a charge as given above the subscription charges by SEZ are as under.

User	Nature of the Transaction	Charges
Developer	Registration	Rs.50,000 (one time)
Developer	System Usage Charges	Rs. 20,000 (per annum)
Co-Developer	Registration	Rs.50,000 (one time)
Co-Developer	System Usage Charges	Rs. 20,000 (per annum)
Unit holder	Registration	Rs.25,000 (one time)
Unit holder	System usage charges	Rs.10,000 (per annum)

A section of SEZ units has expressed concerns over transaction charges which are applicable for carrying out EXIM transactions on SEZ Online, whereas similar transaction charges are not applicable for DTAs for carrying out similar online EXIM transactions on ICEGATE.

In the interest of SEZ units and for improving ease of doing business, the following study has been conducted on the feasibility of extension of Customs EDI (ICEGATE) extended to SEZs, at the behest of EPCES. Following three objectives have been identified for the study

1. Extension of Customs EDI (ICEGATE) system for EXIM transactions of SEZ
2. Dealing with transactions between SEZ area and Domestic Tariff Area (DTA)
3. Cost structure for various transactions if customs EDI is adopted in all SEZs against similar transactions on SEZ Online.

While the scope of the study focuses technical feasibility of this extension, policy and regulatory related aspects need to be evaluated from the context of applicability and enforceability of SEZ Act and Regulations. A separate legal study of DGFT Export Import Procedure, Custom Act and Rules, SEZ Act and Rules would be required in order to arrive at the legal feasibility of ICEGATE extension for SEZs. This would require concurrence from Department of Commerce and Department of Revenue from the start.

It may also be noted that EXIM and DTA related transactions correspond to a few modules out of 40+ modules within SEZ Online system and does not cover the entire scope of SEZ online system. While the option of strengthening the integration between SEZ Online and Customs EDI System is available, this study focuses on the alternative of extension of ICEGATE to EXIM, DTA transactions and its cost implications and should be read in this context.

Objective 1: Extension of Customs EDI (ICEGATE) system for EXIM transactions of SEZ

SEZ Online system provides for a tailored solution as per SEZ Act and provides a number of other functions apart from EXIM transactions and captures key data which is required for analysis, monitoring and administration by SEZ Authorities. It has been built in order to facilitate administration of SEZ under the SEZ Act. ICEGATE, a national portal with a large user base has its features and functionalities built around Customs Act. Extension of ICEGATE for EXIM transactions of SEZ would require the following:

1. Creation of SEZ-specific module within ICEGATE in accordance to SEZ Act, 2005. Existing modules of Bill of Entry / Shipping Bill within ICEGATE can be leveraged but would need modification to comply to the validations required under SEZ Act and not under Customs Act.
2. SEZ-specific process of assessing and registering of Bill of Entry/Shipping Bill will also have to be created. Existing modules within Customs EDI systems can be leveraged while doing so
3. Mechanism of feed of data required for analysis, monitoring and administration by SEZ authorities from ICEGATE to SEZ Online.

Objective 2: Dealing with transactions between SEZ area and Domestic Tariff Area

Transactions between SEZ and DTA are specific to SEZ functionality. An equivalent module does not exist within ICEGATE at present. For extension of Customs EDI System (ICEGATE) for transactions between SEZ and DTA, following would be required:

1. Procedure of Bill of Export in case of procurements from DTA will be required to be built into ICEGATE. Existing modules related to export may be leveraged for this purpose.
2. Procedure for BOE (DTA Sale) will be required to be built as a module in ICEGATE. Existing modules related to import may be leveraged for this purpose.
3. Mechanism of reverse feed of data required for analysis, monitoring and administration by SEZ authorities from ICEGATE to SEZ Online.

Objective 3: Cost structure for various transactions if Customs EDI system is adopted in all SEZs against similar transactions on SEZ Online

SEZ Online system is modelled around a user-pay transactional model wherein charges are payable by users of the system as per a predefined fee structure. These include one-time registration charges and annual system user charges, along with transaction charges for defined modules/ transactions. Charges are applicable for online mode.

ICEGATE on the other hand adopts a department-pay fixed cost model. Users do not pay any transactional or account related charges for use of ICEGATE system via online mode. Charges are however only applicable for available services in offline mode via service centers.

In case processing of EXIM transaction are to be shifted to ICEGATE (subject to legal validity of such processing under SEZ act through ICEGATE) CBIC will have to make necessary investment and pay for operation cost of these modules if the units are to be given free service. The matter to be discussed with CBIC and MOCI

In case of such a shift or certain functionalities retaining remaining functionalities in SEZ online, SEZ online operating agency may request for enhancing subscription fee as their transaction related fee would have stopped and the current subscription charges may not suffice for the operations of the remaining services unless part of this cost is paid for by government.

Another option would be to continue with the functionalities in SEZ online, with MOCI paying for part of the user fee. As the services has been in operation for many years, the ministry may also negotiate with NDML for rationalization of fee.

Indicative steps for proceeding with extension of ICEGATE for both EXIM and DTA transactions are given below:

1. Evaluation of information requirements by SEZ Online for effective administration by SEZ authorities with respect to EXIM and DTA transactions as per the existing scenario. These requirements should be provided to ICEGATE in order to enable suitable enhancements and integrations and web-services for exchange of such information
2. Customization of EXIM Modules within ICEGATE for SEZ specific requirements (additional field capture) and related workflows for EXIM and DTA transactions.
3. Development of integration and data exchange components to enable seamless exchange of information as required by SEZ Online.
4. Training and change management across SEZs on the new system
5. Transition to ICEGATE for EXIM and DTA transactions

While the above steps remain constant, a phased approach may be adopted for transitioning to ICEGATE for EXIM and DTA related transactions:

- **Phase 1:** Transitioning EXIM processes related to physical goods
- **Phase 2:** Transitioning EXIM processes related to software and other non-physical goods
- **Phase 3:** Transitioning of DTA transaction related processes

Also, the phasing and transitioning considerations have been specified above, the same would have to be discussed and agreed with MOF and MOCI first followed by ICEGATE and SEZ Online vendors to put out a broad-level timeline towards implementation of the plan specified above. ■

SEZ Impact assessment study

In the previous edition we had informed that, there is a study being conducted on contribution of Non-IT, G&J Sectors in SEZs. SEZs in India have been part of the overall reform agenda. SEZs were established to attract foreign direct investment, create employment opportunities, develop infrastructure, and facilitate transfer of technology and access to the global market. It has been about one and a half decade since the legislative framework for SEZs in India was put in place.

To conduct a study to assess the impact of SEZs on the overall economic and industrial development scenario, EPCES had engaged Pricewaterhousecoopers Pvt Ltd (PwCPL). The broad scope of work of the study included following elements- (1) An in-depth analysis of sectors (other than IT and ITES, Petroleum and Gems and Jewellery) to understand their contribution in investment, employment and exports, (2) at least 10 good case studies on technology transfer, hi tech industry, API, backward area development, labour reforms, other initiatives and innovations for assessing and understanding SEZ contribution and (3) a comparison of the international best practices of SEZs vis-à-vis India.

The study team has completed their analysis had presented their draft findings to a large audience including officials from MoCI and EPCES and Development Commissioners. The study team focused on evaluating both the scale and quality of impact of SEZs across the three dimensions of exports, FDI and employment. The team interviewed more than 30 stakeholders across the seven zones to gather their inputs on performance of SEZs and identified 12 case study subjects. Further, the study team selected and studied some of the successful international SEZs to identify some best practices relevant to Indian context.

Members Queries Answered

1 January 2021 to 31 March 2021

INDIRECT TAX

Sl No	Member details	Member Region	Query from Member	Response by GT Spoc
1	Kiran Kumar Bysani Tax Manager Micron Technology Operations India LLP Mobile : +91 9742241160 https://www.micron.com/ Address: The Sky View 20, 7th Floor, Sy. No. 83/1, Raidurg, Serilingampally Mandal, Ranga Reddy District, Hyderabad - 500081	South	Below are the few queries with respect to zero rated GST benefit read with uniform list. Accommodation Services: With regard to the accommodation services availed by SEZ units, we were told by one of the specified officers of VSEZ that, it is eligible for zero rated GST benefit only if the hotel is within the SEZ premises and not outside SEZ premises. Could you please clarify is this right position and if SEZ units can't avail zero rated GST benefit on accommodation services provided by hotels outside SEZ premises. Any reference to circular or instruction issued by ministry of commerce or finance would help. EPCES Membership Services: Considering the DSPF requirement, we wanted to get confirmation of the eligibility of EPCES membership services towards zero rated GST benefit and classification of the same in uniform list issued by MoC. However, VSEZ - UAC has denied such eligibility. Therefore, request you to confirm if it is eligible per existing uniform list or is there any clarification by board in this regard basis which EPCES has been extending zero rated GST benefit.	
2	Muniraj Societe Generale Global Solution Center Pvt. Ltd. 7th Floor Voyager Building, ITPB, Whitefield Road, Bangalore, India - 560 066 Cell: +91 99641 72878 E: muniraju.bhakthavatsala @socgen.com W: www.socgensolutions.com	South	Can you please let us know whether requirement to file BOE one day before the date of arrival of goods is applicable for SEZ units as well or it is applicable for customs clearance done under EDI system.	Legislative changes in Section 46 of Customs Act, 1962 does not specifically mention applicability/non applicability of the provisions to SEZ units. Therefore, we are of the view that, it can be inferred that for all import clearances for home consumption or warehousing, it is mandatory to file BOE one day prior to the arrival of goods (including for imports by SEZ units). Further, Circular 08/2021- Customs has provided certain relaxation with regard to these time-limits for filing BOE in respect of goods imported by various modes of transport, these relaxations may also be considered as available to SEZ units as well. Trust the above clarifies. Please let us know in case of any further clarification.
3	Rajneesh Anand CEO Richter Themis Medicare (I) Pvt. Ltd. Vapi – 396195 Cell No. 9825115530	West	We are a 100% export oriented unit located at Vapi, Gujarat. We have been importing our input raw materials under LUT (letter of undertaking) without payment of custom duty & IGST. We were having always surplus input credit in the company. In order to liquidate the same we used to make periodic exports under payment of GST, adjust the output GST by input GST credit then we used to apply refund of GST. The above procedure was stopped by the Government wide notification number 3/2018 central tax dated 23.01.2018. This was by and large not known to the industry and thus most industries have defaulted. We understand that the	On your query, there have been various representations by the industry, however, no official clarification is currently available in the public domain with respect to the defaults already made. A suitable notification/ clarification from the authorities will provide detailed clarification and further course of action.

Sl No	Member details	Member Region	Query from Member	Response by GT Spoc
			extent of GST involved industry wide is around 20,000 crores. We are also given to understand that many industry organizations have made representations with request for one time settlement. We would like to understand if any meaningful discussion is happening on this matter and if so what is the line of thinking with the government. We shall feel obliged if you can share some information on this subject and oblige.	
4	CA Rakesh Jain Partner Balakrishna Consulting LLP www.bclindia.in	South	I have been informed from EPCES that you are knowledge partner for all the SEZ/ELOU's member. I have dropped a query in the month of Nov 2020, however, there is no response as yet. Can you please let me know if you can help us. I, CA Rakesh Jain, handling finance of Althera Laboratories India Private Limited (RCMC EPCES number – 01011600265) would want guidance from your good office for the representation to be submitted to CBIC/DGFT Cell relating to the Customs Exemption. I am hereby attaching the detailed explanation about the challenges faced by us, as an EOU unit. Request you to please go through the same. Please let me know if we can have a discussion on the above challenge faced by us, on Custom Duty exemption. I am happy to discuss with your good office, in order to proceed to next steps.	This point has been discussed during our webinar held on 27.11.2020, wherein it was discussed that these representation points would be taken up EPCES further. Please refer Slide 25 in enclosed presentation for said webinar. Also, post our webinar, we had shared a draft document with EPCES for issues which need to be taken up with Government. This point forms part of said document also (copy enclosed for reference). Requesting EPCES team to accordingly respond to the member in this regard.
5	Tausif Wasif Khan Proprietor All Pack Plastics 9820034262	West	We have applied for DGFT Identity Card to office of the Additional Directorate General of Foreign Trade New CGO Bldg., Churchgate, Mumbai – 400 020. But they raised the Deficiency stating that Your IEC is not been online updated. However we have already modified and also Link our IEC on DGFT Site but still DGFT raised the query in the Online Application of Identity Card as same they raised query in our manual application of Identity Card. Now kindly clarify, what type of update we have to do for IEC so that our IEC will get update in DGFT System. We request your Office to kindly look in the matter and reply us back	The query raised in relation to IEC has already been responded to on 5th February 2021. Please do let us know in case you need any further clarification.
6	Ch.S.S.Sekhar R.D-EPCES-VSEZ	South	One of SEZ units and our EPCES member Solara Active Pharma Sciences would like the generate the solar power in their SEZ unit to utilize the power to their SEZ unit. Can SEZ Act permit them to generate the solar power. If they can permitted under which provision then can approach to the D.C office.	With regards to setting up a Solar plant in Special Economic Zones, special guidelines have been issued on 16th February, 2016, for power Generation, Transmission & Distribution in SEZ units. As per these special guidelines, a unit can be set up within the SEZ to generate power as a product or have a captive power plant and will be located in the processing area. Such a power plant will be entitled to all the fiscal benefits covered under section 26 of the SEZ Act including the benefits for initial setting up, maintenance and the duty free import of raw materials and consumables for the generation of the power.
7	Murugan Reddy F & A - SEZ L&T	South	Further to clarify can we charge IGST @ 0.1% on FIM ? Whether our Client can get this @ 0.1% IGST input Credit	Kindly find below our responses to the queries: Further to clarify can we charge IGST @ 0.1% on FIM ? – Yes, since the Company is supplying to a Merchant exporter, the entire value of supply is chargeable at 0.1% Whether our Client can get this @ 0.1% IGST input Credit - Yes, the merchant exporter can avail input tax credit on its zero rated supplies.

Sl No	Member details	Member Region	Query from Member	Response by GT Spoc
8	Shyamali Banerjee Regional Director - EPCES SEEPZ-Special Economic Zone Office no. 3, 3rd Floor, Business Facilitation Centre	West	Thanks for your reply. Just wanted to understand SEZ Rule 46 2 (iii) specifies (iii) the Unit obtaining gold or silver or platinum from the Nominated Agency on loan basis shall export gold or silver or platinum jewellery within the period prescribed for the same under the Foreign Trade Policy Provided that the unit can convert such loan into outright purchase by paying the outstanding loan amount plus interest provided they exercise this option within the period prescribed under the Foreign Trade Policy. Kindly advise on the above.	Referring to the trail mail, attention may be drawn to 'Foreign Trade Procedure 2015-2020' wherein it has been stated that furnishing of bank guarantee/LUT may be required when an exporter obtains required quantity of precious metal in advance on outright purchase basis. Further, on failure to export within prescribed time, the BG/LUT mat be enforced by nominated agencies. The extract of the procedure is produced below for your quick reference: 4.83 Outright Purchase Basis in Advance (a) Exporter may obtain required quantity of precious metal in advance on outright purchase basis subject to furnishing of BG / LUT to nominated agencies for an amount as may be prescribed by nominated agency. On failure to effect exports within period prescribed, the nominated agencies shall enforce BG / LUT, as the case may be. (b) Exports shall be effected within a maximum period of 90 days from date of outright purchase of precious metal. Hope the above clarifies.
9	Saimit Sareen Financial Controller – India T +91 124 4538174 M +91882 647 6660 Level 8, Building No. 7 Candor TechSpace, Sector 48, Tikri, Gurgaon – 122018 Haryana, India W: bravurasolutions.com	North	SEZ authorities are requesting for payment of duty on procurement of goods/services used in cafeteria since inception and pay GST @18% along with applicable interest. Is this payable under GST laws?	Forwarded to EPCES team as the query raised by the member is EPCES services specific.
10	Y. Chidanandaiah Regional Director Karnatak Region	South	The M/s. Modern Asset developer have approached DC CSEZ for de-notification of 3.22 hecaters for various reasons. Now the issue is about the payment of interest on duty forgone amount by the developer. It is not clear in the SEZ Rules and ACT whether to collect the interest on the duty forgone amount. Therefore we request you to kindly get the clarification on this issue from MOC.	Thank you for your time on call. We understand that issue is being taken up by MOC. Let us know in case you require any assistance from our side.
11	Sree Rajmohan Regional Director EPCES- Cochin	South	XO pack P Ltd, a CSEZ unit, supply our products to other units located in CSEZ within a distance of 2-3 KM. The billings are in USD and often the value of each bill would be more than Rs 50,000 Please clarify the following: Is E way bill required for the above transaction We have not raised E way bills for the above in our past transactions. Is there any provision for penalty for the past transactions made without E way bill	We understand that M/s XO Pack, an SEZ unit will be supplying goods to another SEZ unit located within the CSEZ and within a distance of 2-3 KM's. Please note that a supply from an SEZ unit to another SEZ unit will be an inter-state supply as per Section 7(5)(b) of the IGST Act, 2017. Furthermore, the Commissioner of State Tax, Kerala vide Notification No. 3/ 2018- State Tax dated 14.05.2018 has exempted the movement of goods within the state of Kerala, irrespective of value of goods, provided that the movement of goods is up to 25 KM from the registered business place of a taxable person. Hence, on a conjoint reading of Section 7 of the IGST Act, 2017 with the Notification No. 3/ 2018- State Tax dated 14.05.2018, it can be concluded that the movement of goods from an SEZ unit to another SEZ unit will be an inter-state supply of goods and hence Notification No. 3/ 2018- State Tax dated 14.05.2018 issued by the Kerala state GST Department may be prima applicable. It is however advisable and prudent for M/s XO Pack to generate an E-Way bill prior to the movement of goods considering the fact that the value of consignment is exceeding INR 50,000/-. The generation of an E-Way bill will avoid any detention or any adverse proceedings initiated by the Department against the Company.

Sl No	Member details	Member Region	Query from Member	Response by GT Spoc
				Please note that no amendment/ revision is possible for any previous instances wherein movement of goods has been made without an E-Way bill. In the event of any departmental scrutiny highlighting this procedural lapse, the Company may be subject to general penalty as imposable under Section 125 of the CGST Act, 2017 read with the Kerala SGST Act, 2017 which may extend upto INR 50,000/-.
12	CA Senthil Kumar. N Manager Finance & Taxation ZF Wind Power Coimbatore Pvt Ltd. BU-Wind/Industrial Technology Registered Office & Works: Plot No.3, Hi Tech Engineering and Services Sector SEZ, Karumathampatty and Kittampalayam Village, Annur Road 641659 Coimbatore, India	South	With reference to the amendment to Countervailing & Anti-Dumping Duty in the Finance Bill 2021 which has brought units operating in Special Economic Zone (SEZ Unit) under the ambit of CVD & ADD, a request for representation with Ministry of Commerce & Industry explaining the adverse impact to the industry in lieu of the said amendment is attached herewith for your reference. Request you to kind take it up with the administrative council of EPCES for representing the same with the Ministry of Commerce & Industry. We are also sending set of three attached representation through post for your submission with EPCES administrative council & DC MEPZ. Kindly do the needful, in case if you seek further clarifications in this regard , we shall glad to provide the same.	Please find below our understanding on the issue and suggestion on the note. Our understanding: The substitution of Section 9(2A) is only for the purposes of preventing the circumvention of benefits as an SEZ/ EOU unit. However, in our scenario, we are engaged in manufacture of gear boxes for use in renewable energy sector. The levy of anti-dumping duty further imposes additional financial burden on the sector. Suggestion: Our suggestion to the Company for inclusion in the note: ❖ The intent of providing benefits to an SEZ unit is also defeated with inclusion of SEZ in section 9(2A) as it increases the cost of procurements and passes on to the further supply chain. ❖ The Company can elaborate on the Atmanirbhar Bharat mission launched by Government of India and the importance of imports in manufacturing gear boxes which would cater the domestic manufacturing. ❖ The Company can further request to exempt SEZ unit manufacturers from levy of anti-dumping duty as there are very few players in terms of procurement of castings within India. ❖ We also recommend to re-word the issues highlighted in terms of quality of indigenous procurement. We can also discuss the same over a call with the Company officials at a mutually convenient time. In case of any clarifications, please feel free to revert.
13	P Ganesan Head - Finance & Accounts & IT Modular Fabrication Facility-Kattupalli	South	Our SEZ unit is executing one order with our client under Merchant Export Route for Manufacture of Modules. In this our client is supplying Free Issue Materials (FIM) Special Steel Pipes, Equipment, Valves etc to be fitted on the Modules. These items were directly consigned to our SEZ Unit and we have filed the SEZ Bill of Entry and availed the duty exemption at the time of Import. We are generating tax invoice under SEZ Rule 46 (11) thro Merchant Export by charging IGST @ 0.01 % on the assessable Value in INR . Assessable Value Includes both FIM Supplied by Client & Our SEZ Unit Value Addition. Our SEZ Unit also procures Raw Materials, Consumables to manufacture these Modules. These FIM are fitted/erected and welded on the Modules Manufactured by our SEZ Unit Our Client is not in agreement in charging IGST @ 0.01% on FIM mentioning Circular no.47 . We have informed them that SEZ Unit is governed by Customs Valuation Rules and accordingly we have to charge IGST @ 0.01% & Request your opinion & clarification in this regards	We understand that the Company is engaged in manufacture of modules. The Company's client supplies Free Issue Materials (FIM) Special Steel Pipes, Equipment, Valves etc to be fitted on the Modules. The Company is keen to understand if the value of free issue materials should be included in taxable value liable to GST. Referring to Section 15 of CGST Act, 2017, the valuation for the purposes of levy of IGST shall include the value of goods which are supplied by the recipient. 15. (1) The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply. (2) The value of supply shall include–– (a) any taxes, duties, cesses, fees and charges levied under any law for the time being in force other than this Act, the State Goods and Services Tax Act, the Union Territory Goods and Services Tax Act and the Goods and Services Tax (Compensation to States) Act, if charged separately by the supplier; (b) any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price

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				actually paid or payable for the goods or services or both; The Circular 47 highlighted by the client is applicable for supplies made by OEM's to the component manufacturer wrt. moulds and dies which are used for manufacture as capital goods. In the current scenario, steel pipes and equipment are raw materials in nature and fitted on the modules and become a part of supply by the Company to the client. Incase of any clarifications, please feel free to revert.
14	Shyamali Banerjee Regional Director - EPCES SEEPZ-Special Economic Zone Office no. 3, 3rd Floor, Business Facilitation Centre	West	We would like to draw your attention regarding the restrictive condition of a margin of upto 110% of the custom duty on gold which works out to Rs. 5,50,000/- to be kept by the Bank which is very high. Normally, custom duty is payable if duty free gold is not exported. Units situated in custom bonded area SEEPZ-SEZ monitored by Development Commissioner and Customs authoritiy are signing a custom bond which covers any demand from customs for non-fullfilment of export obligation. There is a Public Notice No. F.No. S/15-01/PBWH/99-2000/SEEPZ-SEZ dated 31.05.2011 by the office of the Dy. Commissioner of Customs, SEEZ- SEZ (Copy marked to Bank of India, Seepz) which clearly exempts gold purchase on outright basis from complying with the time limit of utilization of gold purchased from the nominated Agencies . Since most of the Unit's purchases are on outright basis, there is no need for the bank to monitor the utilization and hence no need for the margin.Is there a possibility of LUT being given to the Bank instead of margin money for any further Liability.	There is no provision as such for providing LUT to the Bank instead of margin money for any further Liability. However the same may be practically checked with bank/ relevant authorities on practical basis. Hope you find the above in order.
15	Sunil Saraf Director For Khammam Granite Pvt Ltd.	South	We applied for C-Form permission against HSD Purchase(against C-Form) purpose. but CTO department told Cst registration is cancelled and we con't give permission (Reference our C-form request letter & CTO reply letter are enclosed).	As discussed, since the CST registration is cancelled once GST has come into force, the officials are not processing the claim of CST reimbursement. We suggest you to approach the UAC committee to seek approval for procurement of inputs (HSD) without payment of duty. The request once approved and forwarded to the oil companies, the Company can procure the HSD without payment of duty. In case of any clarifications, please feel free to revert
16	Sree Rajmohan Regional Director Export Promotion Council for EOUs & SEZs CSEZ - Cochin Region	South	Dear Sir, One of our members, an SEZ unit in CSEZ, M/s. AM Powercord, informs that they had a DTA sale and the GST was paid by the buyer. The buyer when trying to take input tax credit, is unable to assign to the tax paid in the system and he is unable to claim the input tax. The SEZ unit has submitted their return and they have not shown the tax as the buyer has remitted the same. The unit is requesting to kindly clarify whether the procedure of paying the tax by the buyer was correct in the DTA sale and also how to go about in this case. I am marking a copy to the unit since the matter was informed over telephone and for any other additions he would like to make.	We understand that M/s AM Powercord, an SEZ unit, has effected a DTA sale and the buyer (located in DTA) has remitted and paid appropriate GST on the same. Furthermore, the buyer is unable to map the ITC as the same is not appearing in the GSTR 2A/ GSTR 2B of the buyer. The buyer will have to clear the goods from the customs AO as the supply from an SEZ unit to a DTA unit will partake the nature of import for the buyer located in the DTA and the DTA unit will have to discharge appropriate GST and customs prior to clearance. The buyer can then claim ITC on the basis of the Bill of entry and it must be noted that supply will not appear in the GSTR 2A/ GSTR 2B of the buyer. Please do let us know in case you require any further clarifications.

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17	Sunil Saraf Director For Khammam Granite Pvt Ltd.	South	Please advise and send the required format for diesel (HSD) draw back scheme.	We understand that the Company is an EOU engaged in the export of granite. The company procures High speed diesel for processing on which it pays CST. Appendix 6H of the Foreign Trade Policy prescribes the procedure for obtaining reimbursement of CST for EOUs. The application for claiming CST reimbursement shall have to be submitted to the Development Commissioner of the SEZ concerned or the designated officer of the EOU. As soon as the goods are received by the EOU unit in its premises it will have to be entered in the material receipt register kept for the purpose and the same shall be verified by the said officer. A Chartered Accountant's certificate / Cost Accountant's certificate regarding the verification of the materials receipt register relevant to the claim as at ANNEXURE-II shall have to be submitted along with the claim. Please find attached herewith the document containing the detailed procedure for applying for CST Reimbursement along with the application format in Annexure 1 of the document.
18	Ravi Prakash Tummalapalli Manager Sourcing (Customs) DLF Cyber City, Gachibowli, Hyderabad, Telangana	South	In 48(3) the highlighted sentence says and where the import duty on such goods is "Nil" Clarification In this context is Import duty understood as (BCD+SWS+IGST) or Just BCD + SWS. Example: We procure some tissue papers or some operation Non-IT item wherein I don't take any SEZ benefits and they are in excess stock in SEZ and are also not used. If I want to send these back will I be allowed to send to other unit on basis on GST Invoice. Same way we procure and keep Laptops and suddenly my other DTA unit requires these can I send them back against GST invoice. (While procuring we haven't availed any SEZ / Export benefits and these are also unused.)	As per Section 30 of SEZ Act, any goods removed from SEZ units will be liable to duties under Customs Tariff Act. Taking a view from Customs Tariff Act, import duty means BCD, SWS and IGST. Hence, import duty mentioned in Rule 48(3) includes IGST also. As per the proviso to Rule 48(3) of SEZ Rules 2006, Bill of entry is not required to be filed in case Import Duty is Nil i.ie., BCD, SWS and IGST is also nil.
19	Sashi Varma B.Sc: FCMA, Finance Manager, XO Pack Private Limited, Plot# 42,CSEZ Kakkanad,Cochin-37 Kerala	South	Ours is a carton manufacturing company located at CSEZ. Our customers include Choice group of Companies , Hindustan Latex, AVT group, Tata Consumer products etc. We do not cater to individuals. We understand that effective from 1st April 2021, all B2B companies having turnover of more than 5 cr per annum should implement E invoicing. Kindly advise us whether our company has to implement e invoicing from 1st April 2021, given the fact that our annual turnover is more than 5 cr	Pursuant to Notification No. 61/ 2020- Central Tax dated 30.07.2020, SEZ units are exempted from generating E-Invoices. Hence, irrespective of the turnover, an SEZ unit is wholly exempted from the purview of E-Invoicing. We are attaching herewith the notification for your perusal.
20	Sree Rajmohan Regional Director Export Promotion Council for EOUs & SEZs CSEZ - Cochin Region	South	Some two – three years back we had imported weaving loom to our EOU. In which, about 8 blades (spare parts) are to be send to Germany for Repairs. After repair, they will send back the items to us. They will be charging us with their service charges, which we will pay later. In this connection, can you please advise the procedure to be followed to send and receive back the item after repair. Also want to know about the BCD & GST aspect of it while exporting and importing. For your information, for all our imports, we will be availing exemption of BCD and pay IGST. For our exports, we will be claiming GST refund through Shipping Bill and if there is no ITC is available then we will export with LUT	Please note that paragraph 6.28 of the HBP (FTP 2015-20) provides that EOU may send capital goods abroad for repair with permission of Customs authorities and any foreign exchange payment for this purpose will also be allowed. Furthermore, pursuant to Notification No. 52/2003 dated 31.03.2003 as amended by Notification No. 78 /2017-Customs dated 13.10.2017, EOU's are exempted from the levy of BCD and IGST for import of all goods falling under Annexure 1 (S.No 14 of Annexure 1 provides for Goods re-imported within three years from the date of exportation for repair or reconditioning) of the notification which are for the purpose of manufacture of articles for export or for being used in connection with the production or packaging or job work for export of goods or services by export oriented undertaking.

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				Hence, on a combined reading of the notifications it may be inferred that the blades which are exported for repairs and which will be subsequently re-imported after repairs will be exempted from BCD and IGST.
21	B. Rajamani Touch2Success	South	Kindl Attn: Ms. Kalyani - Regional Director, As discussed, We M/s. T2S Software Solutions Private Limited situated at DLF Cyber City SEZ Zone will be taken over by M/s. Food Hub Software Solutions India Private Limited shortly by way of Slump Sale (before end of March 2021) Kindly advise the following points: > Food Hub Software Solutions India Private Limited registered with the ROC last 25.01.2021 and it is located at Non-SEZ Zone in Chennai. > Current Lease Deed / Agreements/ LOA are in the name of M/s. T2S software Solutions Pvt Ltd and it should be transferred in the name of M/s. Food Hub Software Solutions Private Limited Kindly advise the rules and regulations to obtain the SEZ Status for M/s. Food Hub Software Solutions India Pvt Ltd.	We understand that T2S Software Solutions Private Limited is the "transferor" Company where assets are transferred on slump sale basis to Food Hub Software Solutions India Private Limited "transferee" Company. As per Rule 74A of the SEZ Rules, a Unit may opt out of the SEZ by transferring its assets and liabilities to another person by way of transfer of ownership including sale of SEZ units, subject to the following conditions: i) The Unit has held a valid Letter of Approval as well as lease of land for not less than a period of 5 years on the date of transfer. ii) The unit has been operational for a minimum period of two years after the commencement of production as on the date of transfer. iii) Such sale or transfer shall be subject to the approval of the approval committee. iv) The transferee fulfils all eligibility criteria applicable to a unit and v) The applicable duties and liabilities, if any, shall stand transferred to the transferee unit which shall be under obligation to discharge the same on the same terms and conditions as the transferor unit. Further, as per Rule 19(2) of SEZ Rules, the approval committee may approve the change of entrepreneur, if the incoming entrepreneur undertakes to take over the existing assets and liabilities of the unit. Hence, it is recommended that Food Hub Software Solutions India Private Limited approaches the approval committee for slump sale acquisition.
22	Ananth Rangarajan Finance Controller. Mainetti India Pvt Ltd.	South	As per the attached notification , customers who import hangers for the purpose of re-export have to execute bond to avail duty exemption & satisfy that articles imported have been exported within 6 months' time. We produce & supply hangers from our SEZ unit in MEPZ to DTA customers (exporters) who attach it along with garments & export . As per this notification all our customers have to execute bond to get the goods cleared without basic customs duty. We request your help to know to whom should our customers apply for bond & provide proof of exports. We are the only nominated suppliers of hangers for retailers like GAP, WALMART, JC PENNY , KOHLS ETC., Garment exports of our customers are struck, since we couldn't supply them for want of bond & it is getting critical now. Requesting your help & support , in letting us the know the procedure as early as possible so that we can communicate to our customers accordingly.	We understand that your customers are engaged in export of hangers after importing from the SEZ unit. In this regard, as per Notification 02/2021- Customs, the exporter is required to submit a bond binding itself to make payment of duty if goods are not to the satisfaction of the officer. We understand that the Notification 02/2021 Customs grants concessional exemption vide Section 25(1) of Customs Act, 1962. Referring to Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017, the importer who intends to avail the benefit of an exemption notification will be required to submit bond to the Deputy Commissioner of Customs or Assistant Commissioner of Customs having jurisdiction over the premises where the imported goods shall be put to use for manufacture of goods or for rendering output service. Hence, the customers are required to submit the bond to the jurisdictional Customs officials.
23	Ch.S.S.Sekhar R.D-EPCES-VSEZ	South	I have received a query from one of our EPCES mrember M/s. Vital Paper Products Pvt. located in Sricity SEZ, Due to increase in the business, they took a Warehouse on lease from FTWZ Unit premises located in SRICITY SEZ. They entered a lease agreement, lease rent has to pay INR. But now they demand the lease rent has to pay USD as it is mandatory as per the SEZ Rule 18(5). Now the unit seeking clarification from us is that the unit has to pay lease rent only in USD or they can pay INR as per agreement.	With reference to your query, please find below our response: As per section 2(za) - "Special Economic Zone" means each Special Economic Zone notified under the proviso to sub-section (4) of section 3 and sub-section (1) of section 4 (including Free Trade and Warehousing Zone) and includes an existing Special Economic Zone. Further, as per Section 2(z) of SEZ Act, 2005 "services" means such tradable services which,- (i) are covered under the General Agreement on Trade in Services annexed as IB to the Agreement

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				establishing the World Trade Organisation concluded at Marrakes on the 15th day of April, 1994; (ii) may be prescribed by the Central Government for the purposes of this Act; and (iii) earn foreign exchange; Also, referring to Rule 18(5) of SEZ Rules, 2006, unit in FTWZ shall be allowed to hold goods on account of foreign supplier for dispatches as per owner's instruction and shall be allowed for trading with or without labelling, packing, or repacking or without any processing. Provided also that all transactions by a unit in FTWZ shall only be in convertible foreign currency. Therefore, in the given case, the Free Trade Warehousing Zone being an SEZ unit and rendering rental services will be required to receive payment in convertible foreign currency only.
24	Gopi Manickam MENTOR PRINTING AND LOGISTICS PVT. LTD., COMMERCIAL Mobile : 8939112267 Laneline No. : 044-67144231	South	Could you please clarify further on point (b) that whether the INR value can be included in NFE calculation.	With reference to your query for NFE computation, please find below our response Rule 53 of SEZ Rules prescribes the manner in which the NFE has to be computed by a unit "The Unit shall achieve Positive Net Foreign Exchange to be calculated cumulatively for a period of five years from the commencement of production according to the following formula, namely:— Positive Net Foreign Exchange = A - B > 0 Where A includes: is Free on Board value of exports, including exports to Nepal and Bhutan against freely convertible currency, by the Unit and the value of following supplies of their products, namely:—…." Therefore only when receipts are made in freely convertible currency, it would be considered for NFE Computation. In the present scenario, where supplies are made to DTA in INR, such receipts cannot be included in NFE Computation.
25	Sanjay Sakpal and EPCES SEEPZ	West	SEZ UNIT SALES TO 100% EOU UNIT (OUTSIDE SEEPZ) IGST exempted or not As per custome igst and duty foregone Which notification IGST EXEMPTED OR NOT	The SEZ unit is liable to levy IGST on supply of goods. Further, such EOU can claim refund of such Input Tax Credit. Please note that EOU is exempted from payment of BCD and IGST on import of goods from SEZ based on Circular No. 50/2018-Customs which provides for Notification No. 52/2003-Customs dated 31 March 2003 read with Notification No. 16 /2020-Customs dated 24 March 2020.
26	Gopi Manickam MENTOR PRINTING AND LOGISTICS PVT. LTD., COMMERCIAL Mobile : 8939112267 Laneline No. : 044-67144231	South	We are manufacturer of HSN # 4901 & 4819 unit located at SEZ. Kindly clarify the below points : 1. All our inputs are indigenously procured under exemption of CGST + SGST, after manufactured and while sells to DTA from SEZ, whether do we need to pay BCD+Cess+IGST or CGST+SGST alone to be paid since the RM were procured from DTA. Please advice. 2. Can we sell partial of volume in DTA with INR 3. Are we allowed to do partial de-bonding in SEZ unit	1. Section 5 of the IGST Act states that IGST shall be levied on all inter-State supplies of goods and services or both and Section 7(5) of the Act considers any supply to or by a Special Economic Zone unit as supply in the course of interstate trade or commerce. Also Sec.30 of SEZ Act 2005 provides that any goods removed from Special Economic Zone to the Domestic Tariff Area shall be chargeable to duties of customs under the Customs Tariff Ac. Therefore IGST+BCD+CESS shall be payable on supply made from SEZ to DTA. 2. Yes. There are no restrictions with regard to sale of goods to DTA in INR. 3. The company can remove/de bond capital goods after use in SEZ to DTA subject to payment of duties on depreciated value as provided under Rule 49 of SEZ rules .However, exit of unit from the SEZ can only be done in full along with payment of applicable duties on the imported or indigenous capital goods, raw materials, components, consumables, spares and finished goods in stock as provided under Rule 74 of the SEZ Rules

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27	Shyamali Banerjee RD,EPCES,SEEPZ	West	**QUERY (1)** Brief Note :- Operational issues for EOU's The Company "X"is engaged in manufacturing of pharmaceutical products in the State of Maharashtra at Pune.The products so manufactured are exported and zero DTA sales effected from the unit. The said manufacturing unit is registered as EOU in the year 2016 under prevailing Foreign Trade Policy and have been complying with all the compliances as required. The unit has made imports of duty free capital goods as per Customs Notification No. 52/2003 Cus dated 31.03.2003,which has been used for manufacture of export products. The performance of the unit for the year for the first block is good and achieved positive NFE as per the latest APR filed for FY 2019-2020. With the current pandemic situation there is difficulty for procurement of imported raw material at competitive prices. Further the required quantity is not available immediately due to increase in lead time. The facility is a state of art manufacturing set up and holding various regulatory approvals from drug authorities such as WHO, UK MHRA, US FDA, etc. The company has also set up a biotech manufacturing unit in the adjoining plot which is the Subsidiary Company of X. In order to utilise the existing set up and in view of expected export requirements for biotech products especially vaccines, the 100% EOU unit intends to lease out the installed plant and machinery, utilities along with building to their subsidiary for the purpose of manufacture and export biotech products. In view of above, we would like to understand the process to be followed for transfer of Letter of Permission of 100% EOU unit in the name of subsidiary company to continue as 100% EOU and maintain the positive NFE based on the Lease Agreement. The above proposal of leasing and transfer of LOP is taking into consideration the present initiative of Make In India and boost to the health industry especially encouragement to fight against COVID – 19 and develop indigenous vaccines. Also after the introduction of GST and subsuming of various Acts and taxes in single tax which is GST there are interpretational challenges with respect to payment of taxes and duties of the old regime. 1) Imports made in the pre-GST regime and availed exemption from payment of following import duties. Basic Customs Duty : Countervailing Duty : Education Cess : Secondary Higher Education Cess : Special Additional Duty : All above duties work out to 27% to 30% on the import value which will be non-creditable upon exit from the EOU Scheme and direct cost to the EOU's as payable in cash. 2) Domestic procurements in pre-GST regime and received without payment of excise duty and Cess as per Central Excise Notification No. 22/2003 CE dated 31.03.2003 will be payable without any benefit of Input Tax Credit and direct cost for the EOU intending to exit	EOU unit can avail exemption from BCD+ IGST on procurement from SEZ/ Import under notification 52/2003-Cus. LOP/LOI is not transferable, however can be amended with change in constitution/ ownership of the licensee. Further, keeping in mind the practical situation which the said EOU is facing as per trail mail, it is advisable that they explore all available options including Manufacturing and Other Operations from Warehouse Regulations ('MOOWR') beside continuing as EOU or converting into DTA unit.

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			from the scheme. 3) Time consuming process of exit from the scheme being subject to approval, verification, scrutiny of the information and then issue of No Objection Certificate with NO DUES Certificate from jurisdictional customs authority. Minimum time involved in almost 2 to 3 months. 4) Challenges for depreciation norms and valuation of the capital goods, spares, components etc. 5) Cancellation of Bond and release of the Bank Guarantee from the Customs authority. 6) Cumbersome de-bonding / exit process. 7) Setting up a new unit presently is time consuming as per following. ❖ Identifying the location to manufacture vaccine, ❖ Placing orders for import of advanced and sophisticated machinery, ❖ Lead time, ❖ Visit of the technical team from India to Overseas, ❖ Factory test run to check the machines, ❖ Transit time for supply by Sea – vessel availability, High freight cost. ❖ Outflow of foreign currency, ❖ Raising finance from banks ❖ Investment in capital goods and then successful run to commercial manufacturing. Approximate time involved will be around One year or more. ❖ Regulatory approvals from various agencies. In view of above, kindly clarify for Transfer of Letter of Permission of the existing EOU in the name of other unit which is subsidiary of the parent company with the commitment and obligation to fulfil the export commitments and continue the export operations in the field of manufacture and export of Vaccines to fight against the COVID – 19 pandemics. **QUERY (2)** We understand SEZ is exempted from IGST but imports of EOU from SEZ will attract IGST wherein EOU can avail credit of the same under subsequent return filing. In this case please find attached copy of Bill of Entry for goods sold to 100% EOU company, wherein SEZ custom officials approved documents as duty forgone (duty & IGST both) and allowed to take goods out of SEZ zone for EOU unit. Invoice is generated @ 0% IGST against LUT bond so in above circumstances who is liable to pay any IGST ? Since, it has been mentioned as duty forgone. Any notification to this effect.	
28	Tausif Wasif Khan Proprietor All Pack Plastics 9820034262	West	We have applied to office of the Deputy Commissioner of customs 100% EOU , Mumbai for licence under section 58 and 65 of the custom act 1962 , but they say as there is no import of raw materails and capital goods , we don't require licence under 58 n& 62 of customs Now Kindly clarify, what type of storage licence for Procurement of Raw Materiala by 100% EOU From Indigenous source Reliance Industries Ltd and Storage of Finished Goods for Export Purpose	Please find attached 'Circular no Circular No.35/2016-Customs' which dispenses warehousing requirements for EOUs, STPIs, EHTPs.

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29	Shyamali Banerjee Regional Director - EPCES SEEPZ-Special Economic Zone Office no. 3, 3rd Floor, Business Facilitation Centre, SEEPZ-SEZ Andheri (East), Mumbai-96 Tel: 022-28291343 Mobile: 9821195764 E-mail: rdseepz@epces.in	West	While filing the Bill of Entry, the payment of duty has been claimed on the transaction value which is higher than the permissible depreciation under Rule 49(1) of the SEZ Rules 2006. However, Customs has raised a doubt regarding allowing depreciation under Rule 49(1) because of the proviso clause in Rule 47 and 48 of the Rules i.e. valuation shall be done under Customs Act and Rules. As per Customs Act & Rules they are referring Customs circular no 7/ 2020 dated 5.2.20. and in the same circular they are following the depreciation procedure vide circular no: 493/124/86-cus,VI Dated 19/11/1987 & 4.1.1988. Hence, clarification is required whether Depreciation will be calculated under sez rule 49 or as per custom Circular No. : 493/124/86-Cus, VI Dated : 19/11/1987 & 4.1.1988 which SEEPZ - Custom is quoting.	We understand that you would like to understand whether depreciation is to be followed as per "Customs Circular no 7/2020 dated 5 February 2020 and 493/124/86 dated 19 November 1987 – Customs" or Rule 49(1) of SEZ Rules, 2006. Please note that recently clarification has been provided in Circular number K-43013(16)/1/2021-SEZ dated 05 February 2021 wherein the valuation of goods removed from SEZ to DTA is clarified. It has been clarified in such circular that the transaction value shall be determined based on provisions of Customs law. Kindly note that in case of removal of Capital Goods from SEZ to DTA, the method of calculating depreciation for the purpose of levying the duty is specifically governed under Rule 49(1) of SEZ Rules, 2006. The custom circular 493/124/86 dated 19 November 1987 generally provides for method of calculating depreciation for taxpayers. Thus, for calculating of depreciation for removal of Capital Goods from SEZ to DTA, given that there are specific provision which govern the SEZ, provisions of such specific statute (SEZ Act/Rules) would prevail over the customs provision. Accordingly, in our view, depreciation would be calculated based on Rule 49(1) of SEZ Rules, 2006. In case required, we can discuss further if any presentation is to be made to substantiate the above point.
30	Uma Rani Anne Mobile- 09989112452 Aragen Life Sciences Pvt. Ltd., (Formerly Known an GVK Biosciences Pvt. Ltd. Hyderabad	South	We are from Aragen Life Sciences Pvt Ltd (formerly known as GVK Biosciences Pvt. Ltd) our membership No. 0701360010452 Kindly share the update for below queries : MEIS Funds Availability – We are unable to file the applications through online due to unavailable funds. Could you please update us when the funds are available if you have submitted any representation to Ministry of Commerce, kindly share the same to us. One time Intimation for import of Raw materials as per IGCRD rules 2017- We have submitted Representation to Chief Commissioner of Customs, Hyderabad. We have submitted request to EPCES also for discussion with Customs. Kindly update the status. Partial De-Bonding as per EOU procedure – We will procure equipment's for our manufacturing activity and the same equipment's will comes under NIL depreciation after 10 years. Do we need to take any permission from Customs to scrap these equipment's. Kindly update.	In relation to the query raised in third point please note that, Notification Number 52/2003 of customs dated 31st March 2003 is the master customs notification governing the EOU's. para 4 of the said Notification states; "Without prejudice to any other provision contained in this notification, the said officer may, subject to such conditions and limitations as he may deem fit to impose under the circumstances of the case for the proper safeguard of revenue interest and also subject to such permission of the Development Commissioner, wherever it is specially required under the Export and Import Policy, allow the unit to clear any of the said goods for being taken outside the unit, to any other place in India in accordance with the Export and Import Policy: Provided that - such clearance of capital goods, may be allowed on payment of duty either on the depreciated value thereof and at the rate in force on the date of payment of such duty or on the transaction value whichever is higher, The depreciation shall be allowed at the rate of 20% per annum of the original value in respect of computer and computer peripheral items and 10% per annum in case of other capital goods. Explanation. - The depreciation shall be allowed for the period from the date of commencement of commercial production of the unit or where such goods have been received after such commencement, from the date such goods have come into use for commercial production to the date of payment of duty; such clearance of goods (including empty cones, bobbins, containers, suitable for repeated use) other than those specified in clause (a) may be allowed on payment of duty on the value at the time of import and at rates in force on the date of payment of such duty; such clearance of used packing materials, such as cardboard boxes, polyethylene bags of a kind unsuitable for repeated use, without payment of any duty." As per the above said para, the permission is to be received from the specified officer and the development commissioner for the disposal of such capital goods in the domestic tariff area.

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31	S K Saraf ACKNIT INDUSTRIES LIMITED	East	Please note that our Falta SEZ unit buy the Cotton Gloves from DTA unit and filling shipping bill and Invoiced us in USD. Now they ask us the higher prices as they say there is no incentive available from 1st January'2021.Kindly inform are they eligible for ROSCTL OR ANY OTHER KIND OF INCENTIVE TO SUPPLY TO US SEZ UNIT.	DTA supplier's understanding is correct as effective 1st Jan 2021 RoDTEP scheme has replaced ROSCTL and MEIS. Though government has not yet notified the rate RoDTEP and also whether the same would apply for supply to SEZ, it is suggested that you ask DTA supplier to mention the appropriate declaration on shipping bills. Government has already released an advisory to this effect. Copy of press release and advisory issued by CBIC is enclosed for ready reference.
32	Rahul Kalburgi Aequs Private Limited Aequs Special Economic Zone, 437/A, Hattargi Village, Hukkeri Taluk, Belgaum – 591 243 T: +91 0831 3090000 Ext: 5334 F: +91 0831 3090001 M: +91 99643 44062 E: rahul.kalburgi@aequs.com W: www.aequs.com	South	Need clarification/advice on following questions: In your advice, you have mentioned that "We understand that service provided by the company may fall under definition of 'service' under SEZ, hence it is mandatory that remittance is received in foreign currency. In this regard, we wish to submit that, we provide job-work services (special process treatment on material provided by customer). In our view, the said service doesn't seem to be covered under the definition of "Service" given under SEZ Rules. Could you re-look and advise whether job-work services are covered under the definition of "Services". If yes, specify the nomenclature (in the definition) where it is covered. If your response is NO, then there will be no requirement of invoicing in USD/foreign currency. Please clarify. Next question is, assuming that job-work services are not covered in the definition of services and we invoice in INR; can such invoicing be considered as export equivalent for purposes of computation of NFE? Regarding repercussions, in case we invoice in INR, you have mentioned that it would be violation of SEZ Act. Could you further elaborate the penal consequences (Maximum, minimum and discretionary penalty)?	We would have to evaluate the service agreement in detail to understand the nature of service provided and whether it may fall under definition of service in SEZ. Let us know in case you require our assistance on the same. We can have a call to discuss.
33	Tausif Wasif Khan Proprietor All Pack Plastics 9820034262	West	We are member of your council and request you to take up matter regarding our Updation of Importer Exporter Code No We are unable to do simple application such as I card , We have applied for DGFT I card in Mumbai, but we are getting the same querry again and again that your IEC has not been updated.But we have already updated Our IEC. Kindly look in the matter.	We refer to following query raised by All Pack Plastics in relation to captioned subject. Please find our comments below. Please find attached the status of your IEC on DGFT portal. Request you to use the same for future reference as a supporting document for submission with various authorities. In case of any other difficulties, you may also contact DGFT help desk and raise your concern at : https://www.dgft.gov.in/CP/?opt=complaintssuggestion
34	S Krishnan Deputy General Manager (Operations) Srikaram Prescience Private Limited + D-14, Sector-6, Noida – 201301, Uttar Pradesh, India. M: +91-9910287766 W: www.srikaramprescience.com	North	We would like to introduce ourselves as one of the UNIT in Free Trade warehousing Zone which is a subsection of SEZ. FTWZ follows the rules laid down in SEZ Act 2006. We wish to draw your kind attention to the attached circular issued by Ministry of Commerce states - In the Special Economic Zones Rules, 2006 (hereinafter referred to as the said rules), in rule 24, in sub-rule (3), after the proviso, the following proviso shall be inserted, namely: - "Provided further that in case of supplies from Domestic Tariff Area to foreign suppliers in Free Trade and Warehousing Zone, the drawback or any other similar benefit Scheme shall be admissible where the payments are made in foreign currency by the foreign supplier to Domestic Tariff Area subject to sub-rule (5) of rule 18 of the said rules.". FTWZ Units are SEZ units, all supplies to foreign	In reference to the trail mail, please note that the supplies of goods made by a DTA unit to a SEZ unit are eligible for export benefits as per the quoted rule 23 of SEZ rules, same is considered as zero rated supplies as per section 16 of IGST Act,2017. Since, the official notification on RoDTEP scheme is still awaited from the government. Accordingly, clarification on the matter whether a DTA unit can avail the benefit of RoDTEP scheme on supplies made to a SEZ unit is yet to be received under RoDTEP scheme.

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			client in FTWZ / SEZ by DTA supplier is treated as PHYSICAL Exports as per Rue 23 of SEZ act 2006. 'Supplies to SEZ are treated as physical exports. ... Rule 23 of SEZ Rules, 2006 says that supplies from the Domestic Tariff Area (DTA) to a Unit or Developer for their authorised operations shall be eligible for export benefits as admissible under the Foreign Trade Policy". We would request you to clarify that export to foreign client in SEZ / FTWZ unit can claim RoDTEP by DTA Supplier.	
35	Sribash Dasmohapatra Executive Director The Plastics Export Promotion Council (Sponsored by the Ministry of Commerce & Industry, Govt. of India) Dynasty Business Park, B Wing, Unit 2 Andheri East, Mumbai – 400 059 Ph: 91 22 4017 0000	West	This has reference to the problems being faced by plastic recycling units based in SEZ / EOU due to certain policy changes by the Ministry of Environment, Forest and Climate Change and by O/o Directorate General of Foreign Trade. In this regard, we are in receipt of communication from the Department of Commerce to provide clarification on the below aspects of the issue. i. Are SEZ / EOU in India allowed to import plastic scrap? (Yes / No) ii. If no, till which date they were allowed to import? (Mention the date) iii. What is the present status of plastic scrap recycling units in SEZ / EOU? (Closed / Open) iv. Any other detail We would be grateful if you could kindly reply to the above so as to enable us to reply to the Department of Commerce.	This is in reference to the below mentioned query raised by you. In this context, please find our comments below. ❖ As per Rule 18(4) of SEZ Rules, no proposal by New units is considered by SEZ authorities for setting up recycling of plastic scrap or waste. However, extension of Letter of Approval for an existing Unit can be decided by the Board. ❖ "Policy on units in SEZ on recycling of Plastic scrap or waste" highlights that, as per the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, solid plastic waste can be imported into the country only with the permission of Ministry of Environment and Forest. The relevant rule, policy along with relevant notification is enclosed for quick reference. The suitable expert opinions can be obtained in detail from perspective of such and other act/law in force. ❖ Further, The Union Ministry of Environment and Forest ('MOEF') vide its notification dated March 1, 2019 (enclosed) prohibited import of solid plastics waste in SEZs and Export Oriented Units. Depending upon the exact nature of goods and its relevant HSN, it can be evaluated if such goods is prohibited item as per above mentioned rules or such other rules in force. Based on the evaluation, suitable reply can be shared with the Department of Commerce.
36	Sree Rajmohan Regional Director Export Promotion Council for EOUs & SEZs CSEZ - Cochin Region	South	Kindly clarify whether the TCS is applicable when the purchaser buys the goods for manufacturing, processing or production and not for the purpose of trading of those goods. Some reports say that it is exempted in the above cases and hence this request please.	In furtherance to our trail mail response, provisions of sec.206C(1H) of the Income Tax Act,1962 covers transactions involving sale of any goods other than export or import or sale transactions specifically covered otherwise under sub-section (1) (Alcoholic Liquor for human consumption, Tendu leaves, Timber obtained under a forest lease, Timber obtained by any mode other, Any other forest produce not being, Scrap, Minerals, being coal or lignite or iron ore), sub-section (1F) (motor vehicles) and sub-section (1G) (remittance of foreign currency and sale of tour packages). Therefore, the provision does not differentiate goods into those purchased for manufacturing/processing/production or trade, nor provides any exemptions on such basis.
37	Rahul Kalburgi Aequs Private Limited Aequs Special Economic Zone, 437/A, Hattargi Village, Hukkeri Taluk, Belgaum – 591 243 T: +91 0831 3090000 Ext: 5334 F: +91 0831 3090001 M: +91 99643 44062 E: rahul.kalburgi@aequs.com W: www.aequs.com	South	We have established a power unit (SEZ unit) for generation of power using diesel. The said power unit will generate the power and supply the same to SEZ developer/SEZ units within the same SEZ. Surplus power, if any will be supplied to DTA. We are also planning to install solar panels for generation of solar energy/power In this regard, we would like to know the following: Is there any duty/tax on sale of power from Power unit (which is an approved SEZ unit) to another SEZ unit/developer	1. Is there any duty/tax on sale of power from Power unit (which is an approved SEZ unit) to another SEZ unit/developer – As per Rule 47(3)(c) of SEZ Rules - Sale of surplus power to other Unit or Developer in the same or other Special Economic Zone or to Export Oriented Unit or to Electronic Hardware Technology Park Unit or to Software Technology Park Unit or Bio-technology Park Unit, shall be without payment of duty; As per the Karnataka State Policy, 2009 exemption of Electricity Duty or Taxes on sale, of self-generated or

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			Duty structure (including manner of computation of duty) for sale of power (including power generated through solar energy) from SEZ unit to DTA Is there any state government levies/taxes to be charged for sale of power from SEZ unit to DTA What documents to be generated/prepared for sale of power to DTA HSN code for power Is their exemption from central levies (such as excise duty, etc.) and state levies (KST in Karnataka)/CST (on issue of Form I) on procurement of Diesel/fuel by the SEZ unit which will be used for generation of power. If yes, what is the procedure for claiming exemption (ARE-1, Form I, etc.)	purchased electric power for use in the processing area of SEZ is available for SEZ Developer, Co-developer and Units. Procedure for claiming Electricity Duty Exemption Certificate. Concerned SEZ Developer / Co-developer / Unit shall apply to Commissioner for Industrial Development and Director of Industries and Commerce with following documents for issue of Electricity Duty Exemption Certificate on sale, of self generated or purchased electric power for use in the processing area of SEZ. ❖ Formal approval letter and notification issued by Government of India in case of Developer/Co-developer and approval letter from Unit Approval Committee in case of SEZ units. ❖ Memorandum of Articles of Association/Partnership Deed ❖ Project Report ❖ IEM licence/registration for SEZ units. ❖ HLC / SHLCC approval and Govt.Order ❖ Land documents ❖ ESCOMs power sanction and service letter. ❖ Permission for captive power generation. ❖ KSPCB clearance – CFE/CFO. ❖ Form of declaration regarding employment of local persons in prescribed proforma. ❖ Undertaking to abide the terms and conditions mentioned in the State Policy for SEZs 2009. 2. Duty structure (including manner of computation of duty) for sale of power (including power generated through solar energy) from SEZ unit to DTA – In respect of power supplied from processing area to constituents in non processing area or from processing area/ non-processing area to DTA, it should be at such a price as agreed by the regulator and the unit. As per Rule 47(4) of SEZ Rules, Valuation and assessment of the goods cleared into Domestic Tariff Area shall be made in accordance with Customs Act and rules made thereunder. Please find enclosed the excel for applicability of duty on sale of power. 3. Is there any state government levies/taxes to be charged for sale of power from SEZ unit to DTA – As per section 3 of The Karnataka Electricity (Taxation on consumption or sale) amendment act, 2018 9% duty on advolorem basis on the charges payable on electricity sold to any consumer by licensee or non-licensee through licensee or otherwise. Please find enclosed the act for your reference. 4. What documents to be generated/prepared for sale of power to DTA – As per Rule 47(3) of SEZ Rules Surplus power generated in a Special Economic Zone's Developer's Power Plant in the SEZ or Unit's captive power plant or diesel generating set may be transferred to Domestic Tariff Area on payment of duty on consumables and raw materials used for generation of power subject to the following conditions, namely :- (a) proposal for sale of surplus power received by the Development Commissioner shall be examined in consultation with the State Electricity Board, wherever considered necessary : Provided that consultation with State Electricity Board shall not be required for sale of power within the same Special Economic Zone; (b) norms for production of a unit of power shall be approved by the Approval Committee; (c) …. (d) for sale of surplus power in Domestic Tariff Area, the Unit shall obtain permission from the Specified Officer and the State Government authority concerned;

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				(e) duty on sale of surplus power to the Domestic Tariff Area shall be as provided for in this rule. Further, as per Karnataka Electricity Act every person generating and supplying/consuming electrical energy is required to file returns in the prescribed form. 5. HSN code for power - 27160000 6. Is their exemption from central levies (such as excise duty, etc.) and state levies (KST in Karnataka)/CST (on issue of Form I) on procurement of Diesel/fuel by the SEZ unit which will be used for generation of power. If yes, what is the procedure for claiming exemption (ARE-1, Form I, etc.) - As per the Guidelines for power generation transmission and distribution in SEZ, dated 16 February 2016 (enclosed), A power plant, including non-conventional power plant to be set up by developer/ co-developer in an SEZ as part of infrastructure facility will be in the non processing area of SEZ, and would be entitled to fiscal benefits only on its initial setup. No fiscal benefits are available on operation and maintenance. Further in case of a power plant unit within the processing area, subject to NFE, will be entitled to all the fiscal benefits covered under Section 26 of the SEZ Act, including the benefits for initial setting up, maintenance and the duty free import of raw materials and consumables for the generation of the power. Thus to summarize Non-processing area: No exemption from central levies for operation and maintenance; In case of supply to DTA from non-processing area duty applicable is as per Sr. No 3 of excel attached (higher duty) Processing area: subject to NFE, entitled to exemption from central levies for operation and maintenance; In case of supply to DTA from processing area duty applicable is as per Sr. No 2 of excel attached (lower duty)
38	Sree Rajmohan Regional Director Export Promotion Council for EOUs & SEZs CSEZ - Cochin Region	South	Kindly see the message from Wipro regarding the TCS charged on zero rated supply. Request your advice on this at the earliest. "As you are aware ,TCS has been implemented from 1st of Oct 2020 and we would request your guidance/clarification on the same. At present most of the suppliers charging TCS (0.075%) in the Invoices when supplying zero rated materials to SEZ location and I believe we being an sez unit/developers all taxes is exempted if the materials utilised for authorised operations hence we require your support to get clarification whether TCS is applicable for SEZ locations. Also while filing zero rated invoices in SEZ online(NSDL) do we want to capture TCS ,If yes how can we avail exemption/refund on the same so please check and help us on the same."	As per section 206(1H) of the Income-tax Act, 1961, a seller is required collect tax @ 0.1% of consideration received on sale of goods exceeding INR 50,00,000, at the time of receipt of such consideration. This rate has been reduced to 0.75% up to 31 March 2021. The provisions of Section 206(1H) shall not be applicable to goods being exported out of India or covered under sub-sections (1) / (1F) / (1G) of section 206. Further, the term "Buyer" shall not include a person importing goods into India. Hence, Section 206(1H) carves out only goods exported out of India and imported into India from its applicability. The term "India" has been defined under Income-tax Act, 1961 as follow: "India" means the territory of India as referred to in article 1 of the Constitution, its territorial waters, seabed and subsoil underlying such waters, continental shelf, exclusive economic zone or any other maritime zone as referred to in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976 (80 of 1976), and the air space above its territory and territorial waters. Therefore, in the case of sale of goods to an SEZ unit by a domestic seller / DTA Units, the goods remain within Indian and hence would not be treated as "goods being exported out of India" or "import of goods into India". Further, the provision does not explicitly extends exception to any transactions that may be considered as "deemed exports" under other legislations of the Foreign Trade Policy for the time being force in India. Hence, in the present scenario the supplier to SEZ Unit would be liable to collect tax @ 0.75% from the SEZ unit (buyer) if the consideration received for the goods

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				sold exceeds INR 50 Lakh since the said transaction would not be covered in the aforementioned relaxations. In our opinion the above view may serve to be a prudent interpretation of the Sec.206C(1H) for the purpose of compliance from the perspective of the Income Tax Act, 1961, until any specific relaxation/clarification is provided by the CBDT/Central Government which specifically excludes supplies to SEZ units from the purview of TCS being deeming the same as export.
39	Rahul Kalburgi Aequs Private Limited Aequs Special Economic Zone, 437/A, Hattargi Village, Hukkeri Taluk, Belgaum – 591 243 T: +91 0831 3090000 Ext: 5334 F: +91 0831 3090001 M: +91 99643 44062 E: rahul.kalburgi@aequs.com W: www.aequs.com	South	We seek your advice on following. We have a SEZ unit engaged in provision of services (job-work services). The authorized operations of the unit is "Special process treatment on aerospace components such as anodizing, shot peening,etc.". The customers (SEZ units/EOU units/ DTA unit) send parts/components to the said unit for carrying out special processes as mentioned above. Upon completion of special processes, the components are sent back to the customers along with our service invoice. Currently, we are providing special process treatment to SEZ units (within and outside our SEZ) for which we are invoicing in foreign currency (i.e. USD). The said invoicing is being considered as export equivalent for the purposes of computation of NFE. Recently, few of our SEZ customers, have approached us with a request to invoice in local currency (i.e. in INR) for the next 3 to 5 years. Our SEZ unit has sufficient positive NFE which can absorb INR billing (if allowed) over the next 3 to 5 years. In this connection, we would like to know: Whether we can raise invoicing to SEZ customers in INR for aforesaid services. If yes, will it be considered as Export equivalent for the purposes of computation of NFE. If no, what are the repercussions in case we invoice in INR.	We understand that job work services are provided by the company i.e. special processing treatment, is undertaken on goods. Based on the above, we understand that there is no transfer of goods and the company is purely performing a job work service. The service provided by the company is approved as per LOA and is a "service" as defined under SEZ Act Service as defined under 2(z) of SEZ Act, 2005 means such tradable services which,- (i) are covered under the General Agreement on Trade in Services annexed as IB to the Agreement establishing the World Trade Organisation concluded at Marrakes on the 15th day of April, 1994; (ii) may be prescribed by the Central Government for the purposes of this Act; and (iii) earn foreign exchange; We understand that service provided by the may fall under definition of 'service' under SEZ, hence it is mandatory that remittance is received in foreign currency. If yes, will it be considered as Export equivalent for the purposes of computation of NFE. - N.A. If no, what are the repercussions in case we invoice in INR. - If invoiced in INR then the same would be violation of SEZ Act
40	Bijesh Sreenivasan Company Secretary KOB Medical Textiles Private Limited SF No.29,30, Perumpali, , Palladam, Thirupur (Dist) - 641662 Tamilnadu, India Web : www.kob.de Mobile: +91 8925524420 Tel: +91 4255 256513	South	With respect to the introduction of the RoDTEP, I hereby quoting few of my doubts; i. Whether an 100% EOU (star rated) can avail the RoDTEP scheme? ii. If SEZ and EOU are ineligible for availing RoDTEP, is it possible to avail MEIS? iii. What will be the status of MEIS after the commencement of RoDTEP? iv. Is it possible to claim MEIS against the shipping bills generated until 31st December 2020?	Please find below our responses to the queries: i) Whether an 100% EOU (star rated) can avail the RoDTEP scheme? – Presently, as per the FIEO press release, the RoDTEP Scheme will not extend to exports made by EOUs, Advance Authorization, SEZ etc. (Notification yet to be issued). However, EPCES is representing to the Ministry of Commerce & Industry to extend the benefit to EOUs. ii) If SEZ and EOU are ineligible for availing RoDTEP, is it possible to avail MEIS? - Since, the MEIS Scheme has been withdrawn w.e.f 1st Jan 2021, MEIS benefit cannot be availed on exports made henceforth. iii) What will be the status of MEIS after the commencement of RoDTEP? - MEIS scheme has been replaced by the RoDTEP Scheme, therefore, MEIS Scheme will not be in existence upon commencement of RoDTEP Scheme iv) Is it possible to claim MEIS against the shipping bills generated until 31st December 2020? - MEIS Scheme has been extended upto 31.12.2020. Hence, shipping bills falling within such date shall be eligible for benefit under MEIS.

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41	Samir Gokhale Manager - Administration Larsen & Toubro Infotech Ltd. 1st Office Floor, Building No. 5&6, Minspace Business Park Pvt. Ltd., SEZ, Thane Belapur Road, Airoli, Navi Mumbai – 400 708. Phone: +91 (22) 6168-4804 Mobile: +91 9821221125	West	As you are aware we are one of the member of EPCES. We have SEZ units across the country. In case of urgency, we transfer capital goods from SEZ unit to another SEZ unit (located in another zone) by following inter unit transfer formalities. When such transfer take place, we prepare the transfer invoice for completing the transfer formalities. We prepare the transfer invoice after considering the value after depreciation. In recent case, material was transferred from Hyderabad SEZ unit to Airoli SEZ unit (Navi Mumbai) under transfer invoice and after filing bill of entry with receiving SEZ customs. In this case transfer invoice was prepared on value after depreciation. Approval formalities at Specified Officer level were completed at both the sides (receiving as well as dispatching units). Bill of entry assessment and approval was also done by the custom officer of receiving unit. Based on this assessment, material passed out and forwarded by the custom officer of sender unit. Thereafter material was received in receiving unit. After receiving the material re-warehousing formalities also got completed with help of the custom officer of receiving unit. When the above transaction has been closed, suddenly it has been pointed by the newly appointed Specified officer that the inter unit transfer that has taken place earlier has done incorrectly. Material from one SEZ unit to another SEZ unit cannot be transferred on depreciated value. Based on this remarks Custom officer of receiving unit has instructed us to revise the earlier transaction and have kept all our current inter unit transfer cases on hold. In this regard we would like know from you whether it is possible to revise the earlier transaction when all the transfer formalities by respective SEZ customs have been completed and when the details of transfer invoices has been reported on GST reports. Secondly whether it is correct to hold the current inter unit transfer cases because of the earlier case (when the earlier case has been approved by both the SEZ customs). Lastly whether we can execute inter unit transfer transactions after considering the value after depreciations so that we shall take corrective steps in case of future transactions. We follow inter unit transfer when material is urgently required by other unit so that operations can be run smoothly. If the earlier transaction has been closed by approval of the respective custom authorities in that case it is appropriate to create issues. How SEZ units would run their operations, when such unnecessary obstacles get created for no reason?	We refer to following query raised by Larsen & Toubro Infotech Ltd in relation to captioned subject. Please find our comments below: Q1) In this regard we would like know from you whether it is possible to revise the earlier transaction when all the transfer formalities by respective SEZ customs have been completed and when the details of transfer invoices has been reported on GST reports. Please find enclosed "SOS Manual Amendment" document which describes the process of preparation & submission of Free Form Amendment request for customs transactions which are submitted and assessed by the office of DC Customs. Such amendment is applicable in case of change in shipment details, invoice details or item details etc. where the details have actually changed or erroneously, incorrect details had been entered in the document while submission through SEZ online system. Please note, as per the manual, such amendment can be effected only with the permission of Customs Officials as the transaction/document has already been submitted & approved by customs. In case of SEZs, generally the approval of the specified officer is required for amendment of the transaction. Thus, it is recommended that the company evaluates whether such revision is applicable and can be made with due permissions from the concerned officer. Kindly read our reply to Question 3 in parallel. Q2) Secondly whether it is correct to hold the current inter unit transfer cases because of the earlier case (when the earlier case has been approved by both the SEZ customs). Please refer sub-rule 10 and 11 of Rule 27 of the SEZ Rules,2006 for your reference: (10) The assessment of imports and domestic procurement by a Developer or a Unit, shall be on the basis of self-declaration and shall not be subjected to routine examination except in case of procurement from the Domestic Tariff Area under the claim of export entitlements: Provided that where based on a prior intelligence the examination becomes necessary the same shall be carried out by the Authorised Officer(s) after obtaining written permission from the Development Commissioner or the Specified Officer. (11) If examination of any import or export of goods or goods procured from the Domestic Tariff Area is required, the same shall be carried out at the Special Economic Zone gate or if the same is not possible, in an area so notified by the Specified Officer for this purpose, and no examination shall be carried out in the premises of the Unit unless requested by the Unit and specifically permitted in writing by the Specified Officer. Thus any examination or assessment can only made with prior permissions from concerned officers. However, the officer can be requested to provide relaxation given the fact that there is no duty involved. Q3) Lastly whether we can execute inter unit transfer transactions after considering the value after depreciations so that we shall take corrective steps in case of future transactions? As there is no specific provisions in the SEZ Act/Rules for valuation of goods between SEZ units. In such case, valuation can be determined as per Section 14 of the Customs Act, 1962 read with Customs Valuation (Determination of Price of imported Goods) Rules, 2007

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				depending upon the nature of consideration and related party involvement. Additionally, it may be submitted to the authorities that if the depreciated value of goods is adopted for discharging tax in case of transfer to DTA and exit from SEZ and given that there is no specific provision for valuation of goods for transfer of goods between SEZ units, the depreciated value method for valuation of Capital Goods should be permitted, as the duty involved is Nil.
42	RDM EPZ	South	Can you kindly help with the information on how one could register on ICEGATE, different units if same company (SEZ / EOU/ multiple units if same type) having different GST but single IEC code.	Two types of users can be created for every IEC holder on ICEGATE – a parent user (IEC holder / IEC authorized person) and child users for their employees can be created. After completing the registration process successfully, the users are advised to wait for the registration request to get approved by the Department. For IEC holder / IEC authorized person: ❖ In case of approval, an acknowledgement e-mail with their login credentials (User ID and Password) will be sent to the registered email id. In case of rejection, reason for rejection will be sent to the registered email id. For child users: ❖ In case of approval, an acknowledgement e-mail with the login credentials (User ID and Password) will be sent to the registered email id ❖ In case of rejection, reason for rejection will be send to the registered email id If the child user no longer works with the IEC holder, the parent user needs to disable the child user. ICEGATE will not be responsible for any consequences or legal action. In case the IEC holder is also an Authorized Economic Operator (AEO), then the Deferred Payment of Customs Duty scheme would be operational only through the parent ICEGATE ID.
43	Ch.S.S.Sekhar Regional Director EPCES-VSEZ Mob: 9866176962	South	One of our EPCES EOU members seeking a renewal procedure of star export House step by step in DGFT site. I have sent a whatsapp on 28th December 2020message with regard to the above issue but I have not received any reply from you, I understood vacation is going till 4th January 2021. The unit is following up continuously. Therefore I request you to kindly share/ provide step by step procedure of Renewal in DFGT site.	Para 3.20 of FTP 2015-20 deals with concept of Status Holders. The Status Holder certificate issued under Para 3.20 is valid for a period of 5 years. There is no procedures directly given in FTP for renewal of Status Holder Certificate. So we understand that the application needs to applied as a new application as given in Hand book of procedures. The procedures regarding application of Status Holder Certificate is given in Para 3.19 of Hand Book of Procedures to Foreign Trade Policy. As per the said para an application needs to be filed online in form ANF 3C. The application contains basic details of the Applicant and the details of exports made in the current and previous three financial years by the applicant. A CA certificate needs to be submitted to substantiate the value of exports shared in the application. The format for the same is given as annexure to the application. Since the company is an EOU Unit. The application needs to be submitted to Development Commissioner/Joint, Vizag Special Economic Zone Chennai as given in Appendix 1A to the foreign Trade Policy 2015-20.
44	Ch.S.S.Sekhar Regional Director EPCES-VSEZ Mob: 9866176962	South	At the outset, I thank you for your reply. It is true EOU has to obtain the Renewal of Status Holder certificate from the D.C office. But now the unit wishes to know the unit how to apply the renewal application through the DGFT portal. Hence they	Please find the below step by step procedure for renewal of Status Holder certificate. Step 1- Visit DGFT Website- https://www.dgft.gov.in/CP/ Step 2- Under Services Option Select Online E-Com

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			are approaching us to how to apply through the DGFT site. If we provided step by step procedure, it is beneficial to them. Therefore I request you to kindly share the procedure for how to submit the renewal application for the Status holder certificate.	Application Step 3- On selecting Online E- COM Application The site will open http://dgftcom.nic.in/eComapplications.html Step 4- In the link opened, Please select Status Holder Certificate. Please note that login is mandatory only using DSC Registered with the DGFT/ Regional MEPS office Step-5 – Once logged in using DSC, Online application in form ANF 3C will open with the basic details of the company already filled in. Step 6- The company must select the category of status holder certificate to be applied based on their Turnover as shared below: Status Category — Export Performance FOB/FOR (as conderted) Value (in US $ million) 1 star export house — 3 2 star export house — 25 3 star export house — 100 4 star export house — 500 5 star export house — 2000 Step 7- On selecting the Category the company needs to key in the details of Export turnover for the current and previous three financial years. The export turnover must be certified by a Chartered Accountant Step 8- On furnishing all the details the application needs to be submitted using DSC and the hard copy of the online application must be submitted to the regional DGFT/ MEPZ office.
45	JP Lawania CEO, Megma Group Megma Print-O-Pack Pvt. ltd. Megma Rfid And Labels Pvt. ltd.	North	Whether Machines used for Export products Can be used for DTA sale after getting necessary permission from DC who has given LOP	Supplies from EOU to DTA units can be made after obtaining necessary permission from DC.
46	JP Lawania CEO, Megma Group Megma Print-O-Pack Pvt. ltd. Megma Rfid And Labels Pvt. ltd.	North	Megma printopack is 100% EOU. Exported cards to UAE customers. Under contract with Sacoa US company did card to run in machines. Charges paid In usd 6608 $. We took service from Sacoa us co In uae to activate cards to run in machines. Whether amount paid by us to Sacoa us co is taxable in India? Comes under Service tax	Basis our discussion, we understand that Megma Printopack is a 100% EOU in India, engaged in export of smart cards to its customers located in UAE. Further, Megma procures services of activation of cards from US Company “Sacoa” on payment of consideration in form of royalty in USD. In relation to you query on applicability of service tax on amount paid by Megma (i.e. service recipient located in India) to Sacoa (i.e. service provider located in US), please refer below: Section 68(2) of Finance Act read with Notification No. 30/2012- Service Tax dated 20th June 2012, provides that service tax would be payable by the service recipient in respect of taxable services provided or agreed to be provided by any person who is located in a non-taxable territory and received by any person located in the taxable territory. Further, Rule 4 of Place of Provision of Service Rules, 2012 provides that place of provision of services provided in respect of goods that are required to be made physically available by service recipient to the service provider in order to provide the service, shall be the location where services are actually performed. Further, when such services are provided from a remote location by way of electronic means, the place of provision shall be the location where goods are situated at the time of provision of service. In the present scenario, Sacoa US is providing card activation services from remote location (i.e. USA) by activating the smart cards located in UAE. Accordingly, as per above-mentioned rule, the place of provision of

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				service would be the location where goods are situated at time of provision of service i.e. UAE. Basis above, it appears that since place of provision of service (UAE) is outside taxable territory (i.e. India), Megma Printopack would not be liable to pay any service tax under reverse charge on the said transaction.
47	Sunil Malhotra Partner, MALBROS MARBLES & GRANITES INDUSTRIES (100% E.O.U.) +919810014715 +919310014715	North	We are manufacturing quartz slabs and we are procuring Resin domestically in plastic drums. The Resin is used in production and plastic drums are discarded. Please inform, for selling the plastic drums as scrap what procedure we have to follow	In the present scenario, the plastic drums appear to be waste and scrap for the Company. In this regard, as per Para 6.08 of Foreign Trade Policy 2015-2020 read with Notification No. 52/2003- Customs dated 31 March 2003, such domestically procured drums may be sold on payment of applicable GST on transaction value. As per best practices followed in the industry, quotes may be taken from three vendors to ascertain open market value of drums, in order to discharge appropriate GST liability.
48	Lincy Joby Finance/Purchase Manager JJ Orthodontics Pvt Ltd 100% Export Oriented Unit IX/100, Munipara Kanjirapilly P O Chalakudy, Thrissur -680 307 Ph:8589017120, 8589007120	South	JJ Orthodontics Pvt Ltd, situated at Munipara, Chalakudy engaged in the manufacturing and export of dental products After introduction of GST we are not able to pay duty forgone using internet banking facility. For solving this issue we presented this matter in the meeting conducted by EPCES at Cochin and Sree madam tried to solve this issue by contacting SBI branch Manager Chaalkudy. Unfortunately the same difficulties now also we are facing for payment of duty foregone. In this situation we took DD for the duty amount and sent the DD along with Challan to one of our clearing agent offices for remit the duty at Bank within Airport.. This may result in delay in payment of duty even though we are taking DD in due date. Now Officers at CPU angamaly inform us that we have to pay duty in advance for making DTA sales. otherwise we have to pay interest for the late payment. Normally we are paying the duty for the current month in following month. Due to the non availability of banking facilities we are facing difficulties in paying duty before clearance. Another thing is that our products are low value products sometimes duty foregone for a day will be less than Rs.100/-.	In furtherance to our discussion, we understand that the issue surrounds the inability to pay the duty foregone (payable at the time of clearance for DTA sales) through SBI as the Bank is unable to accept the same. We understand that prior to GST, all such payments were made by the Company under the Central Excise regime and post GST, they have to now make the payment through Customs. The delay arises primarily due to the fact that the Company is discharging the duty foregone vide DD (drawn on the 6th of every month) and presented for payment only on 11th or 12th. We also understand that the Customs preventive officials visited the Company and insisted that they pay the duty foregone in advance (prior to the DTA sale) so that interest exposure can be avoided. Way forward **Option-1** The Company must represent its grievance before the SBI Branch at Chalakkudy and must escalate within the bank in the event no positive resolution is arrived at. Based on our discussion with the Company, we are given to understand that other branches of SBI (Alappuzha) is allowing the facility of e-payment. This aspect must be stressed by the Company while it represents its grievance. **Option-2** The Company must seek to discharge the duty foregone through banks other than SBI which are compatible with the e-payment facility. This would facilitate timely discharge of duty and avoid any interest liability. On a separate note, the Company may compute the DTA foregone earlier (prior to 6th of every month) and ensure that the DD along with the challan are paid by the 6th of every month.
49	JP Lawania CEO, Megma Group Megma Print-O-Pack Pvt. ltd. Megma Rfid And Labels Pvt. ltd.	North	Kindly advise me on service tax whether payable on Indian EOU who have exported cards to a customer and for activation done in UAE from US company Sacoa. Payment of this service was made by Indian Exporters. We have such contract / mail in this regards for this activation. Now Service tax is imposed by Deptt in India for this. Although we have permission of such work from NSEZ when LOP was given.	As per the information received till now, we understand that two transactions are involved in this scenario: Procurement of card reader hardware and software from US Company SACOA PLAYCARD AG, on payment of consideration in form of royalty by Indian EOU; Activation of cards for customers in UAE Request you to elaborate the transaction and share detailed query for us to understand the transaction and respond accordingly. Also, LOP shared in below mail pertains to extension in bonding period. Request you to share the original LOP wherein the permission from NSEZ is mentioned.

Members Queries Answered

1 January 2021 to 31 March 2021

DIRECT TAX

Sl No	Member details	Member Region	Query from Member	Response by GT Spoc
1	Dhinesh Varadharajan Manav Packaging Private Limited Mobile : +91 98840 43734	South	Whether TCS on sale of goods mandated by Sec.206C(1H) of the Income Tax Act, 1961 is applicable on DTA Sales undertaken by an EOU/SEZ	The newly inserted sub-section (1H) in Sec.206C of the Income Tax Act, 1961 mandates the applicability of TCS on the s.ale of goods other than for export. As per the provisions of Sec.206C(1H), a seller shall be liable to collect TCS @ 0.1 % (1% upon non-furnishing of PAN) on the amount of consideration received in excess of INR 50 lakh during a financial year from a buyer. For the aforesaid section (as per Explanation to Sec.206C(1G)); “buyer” means a person who purchases any goods, but does not include,— (A) the Central Government, a State Government, an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State; or (B) a local authority as defined in the Explanation to clause (20) of section 10; or (C) a person importing goods into India or any other person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein; The definition of the term ‘a person importing goods into India’ is not provided in the Income Tax Act, 1961. The SEZ Act, 2005, and FTP (2015-20) classifies the sale of goods from DTA to any SEZ/EOU as export from India. The question of law involved in the scenario is whether a DTA Unit receiving goods under permitted route from any EOU/SEZ could be identified as a person importing goods into India to bring such transactions out of the ambit of Sec.206C(1H). In this regard, it is pertinent to note that, the levy of commercial duty/tax on transactions being a DTA Sale by an EOU or Domestic Clearance by an SEZ Unit to DTA, is effected as per provisions of the Customs Act 1962 and Customs Tariff Act, 1975. The specific mandates in this respect are provided in Sec.3(1) of the Central Excise Act, 1944 (to be read with Para.6.08 of FTP 2015-20) (for EOUs), and Sec.30 of SEZ Act, 2005 (SEZs). A transaction involving goods is taxed under the provisions of Customs Act only when the same is considered as an import to India. Therefore, from the point of levy of the tax itself, a transaction being DTA sale by EOU / Domestic Clearance by an SEZ Unit appears to be qualifying to be construed as a sale involving ‘goods produced or manufactured outside India which are imported into India’. Hence, on a harmonious reading, it could be concluded that a DTA unit purchasing goods from an EOU may qualify to be a person importing goods into India and hence any sale transaction with such buyer shall not be subjected to TCS u/s 206C(1H).
2	Mr. Vanchinathan M/s Severn Global India Pvt. Ltd (based in Chennai, India)	South	We have received order from M/S. Larson & Turbo – Kuwait, End user Kuwait oil company - Kuwait. Our Work order No. EXP/7733/19 Purchase order No. 7800014651 for supply of control Valve and accessories value US $ 585847.00 In this connection, we have ordered one component namely Actuator to M/s. Bernard	❖ As per section 2(p) of Foreign Exchange Management Act, 1999 (FEMA) import means bringing into India any goods or services. So for a transaction to be regarded as import there should be physical movement of goods from outside India to India. In the instant case goods are sourced by Severn within India i.e. from Rotex Mumbai. As the supply is entirely within India it will not be considered as import.

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			France, as per the End user requirement. Delivery date for the shipment is 20th October, 2020. Understand from M/s. Bernard France they are manufacturing the component in India at M/s. Rotex Manufacturers & Engineers private Limited., Mumbai. To achieve delivery date and to avoid liquidated damages, we planned to pick up the material from Mumbai. In this connection, we need your confirmation 1) We have to make our payment to our vendor to M/s Bernard France as per our purchase order terms. P.O No. 1919865 and 2005964 copy of the purchase order attached. 2) Please advise the documents required and procedure to be followed. Other details: We M/s. Severn Glocon India Private Limited., Chennai – India. Order received from L & T Kuwait. End user also located at Kuwait. As per condition of End user of the Project, We need use Bernard France Actuator. M/s Bernard France and M/s. Rotex Manufactures - Mumbai are already having Joint venture agreement. They are manufacturing the our Actuator at M/s. Rotex Manufactures - Mumbai. M/s. Bernard France is not registered in India. (GST Act). We have submitted our Purchase Order of M/s. Bernard, Tri-party agreement, L&T Kuwait Purchase order and End User approved vendor list.	❖ Further extant Master Directions on Import envisage provisions for third party payments in relation to import of goods. But there is no provision permitting supply of goods by a third party. ❖ As the purchase of goods from Rotex Mumbai (domestic supply) creates a liability outside India (i.e. payable to Bernard France) it is a capital account transaction. As per section 6 of FEMA a resident may draw foreign exchange for a capital account transaction only if it is specifically permitted under the Act, rules or regulations; and if not, upon obtaining the prior approval of RBI. Further, section 3 of FEMA provides in this regard that no person shall make any payment to or for the credit of any person resident outside India in any manner unless permitted under the provisions of the Act, rules or regulations. ❖ There is no general permission under FEMA or its regulations for payment to a non-resident for domestic supply of goods. In the absence of a specific provision, prior RBI approval would prima facie be required for making the payment to Bernard France. ❖ However, it may also be noted that the definition of current account transaction specifically includes payments in connection with foreign trade. But this specific inclusion can be applied only when a transaction falls outside the purview of a capital account transaction. ❖ Hence we are of the view that Severn o would prima face require RBI approval; o however, Severn may enquire with its AD banker whether such transactions, being payments in connection with foreign trade, are treated as current account transactions without being subjected to the rigor of the definition of capital account transaction ❖ Where AD banker treats the transaction as current account transaction, remittance to Bernard France would be freely permitted. This position is however not free from the risk of contravention when considering extant FEMA provisions in their strict sense.
3	Pradeep Kumar 8297550111 APSEZ, Atchutapuram, Visakhapatnam.	South	I want to know the applicability of section 206C(1H) of income tax on following transactions through SEZ unit. 1. Sale by SEZ to a DTA unit under cover of bill of entry (DTA Sale) 2. Export through Merchant Exporter where goods exported out of India on the basis of shipping bill filed in SEZ Online --- In this transaction SEZ unit will get payment from his merchant buyer (domestics buyer) Sir, need your suggestion.	As per section 206(1H) of the Income-tax Act, 1961, a seller is required collect tax @ 0.1% of consideration received on sale of goods exceeding INR 50,00,000, at the time of receipt of such consideration. This rate has been reduced to 0.75% up to 31 March 2021. However, the provisions of Section 206(1H) shall not be applicable to goods being exported out of India or covered under sub-sections (1) / (1F) / (1G) of section 206. Moreover, the term "Buyer" shall not include a person importing goods into India. Hence, Section 206(1H) carves out only goods exported out of India / imported into India from its applicability. The term "India" has been defined under Income-tax Act, 1961 as follow: "India" means the territory of India as referred to in article 1 of the Constitution, its territorial waters, seabed and subsoil underlying such waters, continental shelf, exclusive economic zone or any other maritime zone as referred to in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976 (80 of 1976), and the air space above its territory and territorial waters. Please find below our responses to your queries: ❖ In the case of a DTA Sale, the goods remain within Indian and hence would not be treated as "goods being exported out of India" or "import of goods into India". Hence, in the present scenario the SEZ unit (seller) would be liable to collect tax @ 0.75% from the DTA unit (buyer) if the consideration for the

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				goods sold exceeds INR 50,00,000 since the said transaction would not be covered in the aforementioned relaxations. ❖ In the case of exports through merchant export, we understand that the SEZ unit would directly export the goods manufactured and only consideration would be received from the merchant exporter. Basis this understanding, we are of the opinion that tax need not be collected at source from the merchant exporter since the consideration is received for sale of goods being exported out of India.
4	Sashi Varma B.Sc: FCMA, Finance Manager, XO Pack Private Limited, Plot# 42,CSEZ Kakkanad,Cochin-37 Kerala Web:www.xopack.com Ph: +91-484-4033301 Mob:09645999594	South	We are a manufacturing company engaged in manufacture of packing cartons and based out of CSEZ. Our customers are spread all over South India. We export to Middle East and we cater to 100% EOU , customers based within SEZ and DTA units We also bill in USD to some 100% EOU customers to improve our net Foreign Earnings Request you to kindly arrange to clarify the following: (2) Is Sec 206C(1H)- wef 1st Oct 2020 applicable on billings to 100% EOU and billings in USD. If applicable , how to show it in the invoice (3) What is the rate of TCS in the above case- 0.1% or .075%	2. As per section 206(1H) of the Income-tax Act, 1961, a seller is required collect tax @ 0.1% of consideration received on sale of goods exceeding INR 50,00,000, at the time of receipt of such consideration. This rate has been reduced to 0.75% up to 31 March 2021. However, the provisions of Section 206(1H) shall not be applicable to goods being exported out of India or covered under sub-sections (1) / (1F) / (1G) of section 206. Moreover, the term “Buyer” shall not include a person importing goods into India. Hence, Section 206(1H) carves out only goods exported out of India / imported into India from its applicability. The term “India” has been defined under Income-tax Act, 1961 as follow: “India” means the territory of India as referred to in article 1 of the Constitution, its territorial waters, seabed and subsoil underlying such waters, continental shelf, exclusive economic zone or any other maritime zone as referred to in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976 (80 of 1976), and the air space above its territory and territorial waters. Hence, where the goods do not leave the territorial waters of India, TCS shall be applicable on the transaction. Therefore, for 100% EOU sales, TCS would be applicable as the goods do not leave the territory of India. 4. At the time of clearance of goods for import not coming under the authorized operations, GST will have to be discharged at the time of clearance. In all other circumstances, the unit can discharge GST while filing the GSTR 3B.
5	Rahul Kalburgi Aequs Private Limited Aequs Special Economic Zone, 437/A, Hattargi Village, Hukkeri Taluk, Belgaum – 591 243 T: +91 0831 3090000 Ext: 5334 F: +91 0831 3090001 M: +91 99643 44062 E: rahul.kalburgi@aequs.com W: www.aequs.com	South	This query is in furtherance to query asked on 24/12/2020. One more question. Would like to know if there is any issue in executing this transaction from RBI/FEMA perspective.	Please find below response to your query: Query: RBI/FEMA regulations to be considered in relation to bill-to, ship-to transaction involving overseas and domestic parties regulations? GT Response: As per Sec.2(l) of the Foreign Exchange Management Act, 1999 “export”, with its grammatical variations and cognate expressions, means— (i) the taking out of India to a place outside India any goods, (ii) provision of services from India to any person outside India; The present transaction involving supply of goods to domestic location basis instruction from overseas customers may not qualify to be considered as ‘export’ from the perspective of FEMA as no portion of goods are taken to a place outside India nor any services are provided from India to any person outside India. Further, we understand that the payment is expected to be received directly from an overseas entity. Therefore, from the FEMA/EBI perspective the critical aspect to be considered shall be ensuring that the receipt of sale proceeds being be structured in manner congruent to conditions specified in Regulations 3 & 4 of Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2016 notified by the RBI vide Notification No. FEMA 14(R)/2016-RB (as amended from time to time) to the extent applicable to remittance from overseas being payment for transactions other than exports after considering the country/region where the oversea customer is located.

SPECIAL ECONOMIC ZONE (SEZ)

THE WAY FORWARD

By Bipin Menon, Development Commissioner, Noida SEZ

The concept of SEZs and free trade zones has been a global phenomenon necessitated by the need to attract investment, stimulate manufacturing and creation of infrastructure in a geographically delimited area. As per the World Investment Report 2019, some broad parameters namely a geographically demarcated area with distinct regulatory regime and infrastructural support have been used to classify SEZs, albeit using different nomenclature. It is estimated that globally there are around 5,400 SEZs in 147 countries, with nearly 1,000 of them established during the five-year period 2014-2019. In terms of geography, Asia has the largest number of zones with China topping the charts with 2,543 zones followed by Philippines, India and US. The report mentions a wide array of SEZs with some of the key features being relief from customs duties and tariffs, fiscal incentives, business friendly regulations, administrative streamlining, trade facilitation etc. The aim of SEZs globally has been to create jobs, enhance exports, diversify the economy and build up productive capacities. Some of the challenges for SEZs listed in the report are the advent of the new industrial revolution, sustainable development and the changing patterns of international production.

There are references in the report to thematic SEZs such as science parks, hi-tech zones, technology development zones etc; location based SEZs like those at port and borders; wide areas zones such as cities or even provinces; activity based such as logistics, multi-activity, specialized and innovation based etc; and objective based SEZs namely labour intensive, foreign partnership, level of value addition, etc.

In terms of specific countries, the SEZs in China were conceived in August 1979 in four large cities—Shenzhen, Shantou, Zhuhai and Xiamen. Subsequently, the island of Hainan was established as the 5th SEZ in 1988 and Kashgar was designated as an SEZ in 2010. China also established open coastal cities. SEZs in China were primarily instruments for attracting investment by providing exemptions and concessions such as lower tax rates, lower regulatory compliance and efficient management system. Some of these were on important trade routes, both land and seaports. Bangladesh's zones were primarily related to the textiles and apparel sectors. UAE has the concept of free zones, free trade zones and economic zones. These are all areas which seek to attract investment through fiscal, infrastructural and regulatory stimulus measures.

Zones in Turkey have focused on technology and R&D while the single enterprise free point approach has been the highlight of industrial development in Latin America. The latter caters to stand alone enterprises taking benefits with the most important example being of the Mexican maquiladoras which have mushroomed along the border with the US and thereby benefit from plugging into the supply chain of US corporations. Africa saw the first SEZs coming up in Mauritius but the pace has been slower than the rest of the world. While most of these are in low value addition and labor-intensive sectors, some North African countries have hi-tech SEZs. While Nigeria has been into oil refining SEZs, there has been a lot of Chinese investment in SEZs in South Africa. The zones in Russia and CIS countries range from wide area zones, single industry towns, free ports, foreign investment zones, etc. The SEZs in developed countries vary from being focused for disadvantaged regions, customs free, technology-based and being publicly owned. In a broader context, many of the zones are based on foreign partnerships.

The regulatory framework for SEZs is also broad with nearly 127 SEZ laws in 115 countries for all these SEZs. The broad definitions are similar for countries while the objectives are largely on quantitative growth such as investments, exports, jobs, etc rather than socio-economic parameters. Some of key elements of SEZ laws are fiscal incentives (80 percent of all laws), special customs regime, investment

facilitation, single point of contact, creation of business incubators, restriction of foreign personnel, investment protection, preferential land use, trade facilitation, provision of infrastructure, social amenities, etc. The regulatory framework may also have investment requirements, developmental goals, performance requirements including those related to exports and personnel deployment. The report mentions that the major stakeholders are the government, authority, developers and users.

Some of the possible beneficial effects of SEZ as stated in the report are the boost to investment, exports and jobs; export generation and diversification; GVC integration ,etc. Some of the key learnings and recommendations as per this report on SEZs are the need for a programme design, enhance efficiency of operations, optimize developmental impact, have a sustainable development agenda, adoption of the new industrial revolution, account for changing patterns of international production and GVCs, etc.

The report does indicate that the WTO rules do not specifically bar any provision in the SEZ including infrastructure support and drawback since they do not seem to be violative of the Agreement on Subsidies and Countervailing Measures (ASCM). However, it does refer to the dispute on India export subsidies (DS-541) where US was the complainant, that the SEZ Scheme was a financial contribution (in the form of revenue foregone, through which a benefit was conferred on the recipient. Further, the measure was contingent in law upon export performance. Hence the US had demonstrated the existence of prohibited export subsidies, inconsistent with Articles 3.1(a) and 3.2 of the Subsidies and Countervailing Measures (SCM) Agreement.

When India's policy on Special Economic Zones (SEZs) was conceived in April, 2000, the aim was to create islands of excellence in the country so as to provide a focused one-stop shop facilities to these zones. The policy makers were cognizant of the fact that given the expansive length and breadth of the country, it was not possible to make huge investments across all export-oriented sectors and hence a focus on specific geographically contiguous zones would be more financially and logistically pragmatic with an aim to attract major players who would focus on exports. The key guidelines for notifying these SEZs which is also reflected in Section 5 of the SEZ Act, 2005 were the generation of additional economic activity, promotion of exports of goods and services, promotion of investment from domestic and foreign sources, creation of employment opportunities and development of infrastructural facilities.

While there has been a lot of debate in India about the SEZ benefits such as the income tax exemption being removed for new units and some questioning the future of the scheme, one would need to examine this issue from a holistic perspective. SEZs still remain a viable business proposition since it permits both the unit and the developer to import or source all the goods required for construction as well as the manufacture or provision of service, free of all fiscal encumbrances like IGST. Apart from this a host of input services are also exempt from GST payment in case it is supplied to an SEZ and is used in the operations. Moreover, the domestic supplier to an SEZ is also exempt from payment of GST and is entitled to benefits like drawback. This is a huge benefit since there is no need for repeated approvals or applications for authorizations. The online system of the SEZ also benefits exporters who can submit all the documents electronically with the system already connected to the ICEGATE and GST servers. The availability of customs clearance in the zone works out to be a big benefit and makes the SEZ a de-facto port for clearance of goods. Moreover, barring the cases where export promotion scheme benefits are being availed, there is no customs examination of the goods. The key aspect in an SEZ is the infrastructure development of the zone and the fact that it is a government regulated bonded zone which makes it attractive for any unit to also showcase its premises to foreign buyers and also raises its credibility. There is an additional facility for sub-contracting a part of the production process by the SEZ unit.

On the issue of the WTO compatibility of the scheme, the DS 541 case has created some ripples but India stands a fair chance to overturn the arguments in case of appeal. Moreover, the logic of customs duty exemption or the contingency on exports being inconsistent with the multilateral obligations is debatable. Firstly, India should have taken recourse to footnote 1 of the SCM Agreement at the panel stage since products exported from SEZ should be exempt from all duties. Secondly, there is no specific clause which mandates exports and the net foreign exchange (NFE) criteria over 5 years do not directly spell out any export obligation. Moreover, SEZs are at a disadvantage if they have to sell their products in the DTA. In such cases they have to pay the customs duty on the finished product which works out to be more than the duty foregone for import of inputs used in export production. If IGST exemption is not permissible in supplies to an SEZ, then this is tantamount to taxes being exported and hence would violate the spirit of ASCM.

However, there are some areas that may require some tweaking in the current regulatory framework for SEZs to ensure ease of business. One of the key aspects is the payment of duty DTA sales by SEZ units is not beyond the duty foregone on the inputs used. Therefore, the principle of levying duty applicable on the finished goods sold in the DTA is clearly against this precept and would need to be corrected. However, in the case of domestic procurement of goods, the domestic sales should be permitted only on the payment of the GST on inputs. Secondly, the compliance burden in terms of quarterly performance report (QPR) could be done away with. Moreover, modules to accept all applications online could be made so as to create faceless contact with SEZ units. On the issue of services, one could look at ensuring that DTA sales can be made in Indian Rupees (rather than free foreign exchange currently). Moreover, with the work from home (WFH) concept being virtually institutionalized in services including IT/ITES sector, one would need to explore changes to make the system more flexible.

In conclusion, it is important to realize that the SEZ scheme may not have too many incremental incentives beyond its current form given the pressure from the multilateral rules of the WTO. Even in its current avatar, the scheme provides a reasonable window for interested parties to operate in a geographically bonded hassle-free environment. In the absence of the need for repeated approvals for import of procurement of capital goods, raw materials and construction material, there is adequate flexibility to function in an economic environment which is less burdensome. Moreover, for units with reasonable level of imports or domestic procurement and with substantial output being exported, either physically or under the permissible deemed categories; the SEZ scheme makes perfect business sense. Dovetailing with the sectors on which production linked incentives (PLI) are available would be a good approach to attract new units in the SEZ. In the light of this, some of the possible areas where SEZ units could be set up are in avionics, data centres, AI related, textiles and apparel, pharmaceutical, automotive components, hi-tech and scientific research etc. ■

Pritech Park (SEZ)

Location - Marathalli, Outer Ring Road, Bangalore

Total Built-Up Area - 5.2 Million SQFT

Located at the heart of Bengaluru's tech industry, Pritech Park is a premier sector-specific Special Economic Zone. The PROJECT is LEED platinum-certified. The infrastructure is designed to deliver world-class workspaces. The campus houses Many multinational and Indian companies.

Contact Info -

Website - https://rgafacilities.com/
Contact No. - 080 - 40104010
Address - 1st Cross Rd, Santhosapuram,3rd Block, Koramangala, Bengaluru, Karnataka- 560034

A New Path to Destination

The Parliament passed the Code of Wages Bill, 2019 last year, slated to come in effect from April 1, 2021. The New Code Bill consolidates four labour laws, with most of the bills being formed in the British era. It combines the Minimum Wages Act, 1948; Payment of Wages Act, 1936; Payment of Bonus Act, 1965; and Equal Remuneration Act, 1976. The New Code Bill is the government's step towards facilitating ease of doing business in India by bringing various administrative, legislative, and e-governance changes to the existing system.

The New Wage Code, which combines the 29 labour laws into four codes, will undoubtedly be a boon for both the workers and the employers. Here are some of the benefits that the new bill is likely to bring with its enforcement.

Standard Wage Definition

The single most considerable change being introduced by the labor code is a standard, unified definition of 'wages' for the Code on Wages and the Code on Social Security. The interpretation of the term 'wages' has been a contentious issue for employers for years. However, with the new labor code's enforcement, employers will now have a simplified and unified definition. The new 'wage' definition comprises three parts: an inclusion part, specified exclusions, and conditions. It also includes components like basic pay, dearness allowance, retaining, and special allowances.

Universal Minimum Wage

As per the current laws, the Minimum Wage Law is applicable to employees working in scheduled employment. However, the amended code will expand the ambit by including all employees, irrespective of their employment's nature. The government will set a Minimum Floor Wage depending on the geographical area. Workers belonging to both organized and unorganized sectors will be covered under ESI (Employee State Insurance). Furthermore, an increased contribution to gratuity and PF will help workers lead a pleasant, stress-free life after retirement by offering them enough money to meet their daily expenses.

A Halt on Exploitation

The new labor code prevents employers from exploiting innocent workers. It will act as a warning sign for companies who have been exploiting employees by deducting their salaries for unnecessary reasons. Also, employers will have to calculate wages considering both the inclusions and the exclusions. However, if the value of exclusion exceeds 50% of the total wages, the excess amount will eventually be included in wages. If the employee's remuneration is paid in kind, then 15% of the value of compensation paid in kind will be included in wages. The government under the new code has also specified that the salary deduction in various forms, including housing rent, loan, or fines, should not exceed 50% of wages to prevent employees' exploitation.

Boost to Contractual Employees

The employers will now have to pay in advance to the contract employees. This step is taken to ensure that the contractor's contractual employees receive their wages in time. Furthermore, suppose the contractor defaults or fails to pay the minimum bonus to contractual employees. In that case, the primary employer will be liable to pay the employees upon receipt of a written complaint. Thus, the new wage code will further ensure that the employees hired on a contract basis are not exploited by the contractor. The new wage code will also ensure that any arbitrariness, vagueness, and malpractices during labor inspection are minimized.

There is a plan to set up an online inspection portal that requires the inspectors to randomize checks focusing on specific geographical areas. Remote inspections will replace physical inspections to ensure that all the required information is kept in records by employers.

Empowering Women along with Non-discrimination

The new labor law will ensure that no discrimination occurs on the grounds of gender during employee hiring. Furthermore, it provides that women can work in all kinds of trade. It also has a provision allowing women to take up night shifts if they wish to. The new wage code will ensure that organizations hire employees based on their talents and what they can bring to the table if hired rather than giving preference to a particular gender.

This will, in turn, ensure healthy competition among suitable candidates applying for a specific job role.

Flexible Working Hours

With its new labor law, the Indian government is seen transiting to a 4-day-week work policy fixing the total working hours a week to 48. The employees will be allowed to choose between three shifts, including 4-days a week wherein they'll work for 12 hours a day, 5-days a week wherein they'll work 9.5 hours a day, and 6-days a week working 8 hours a day. Thus, employees will have the advantage of choosing the work culture they prefer as per their requirements. Furthermore, employees will be paid twice their pay in case of overtime.

Final Notes

Though the New Wage Code brings 'New' hopes, both employers and employees must understand the pinpoints in detail. Both parties need to be clear with the new law to prevent miscommunication once the law comes to implementation on April 1, 2021. It is likely to introduce bolstering confidence in the Indian business ecosystem. However, the law's effectiveness will be gauged only after its final implementation. ■

Incentives under Foreign Trade Policy – A stalemate

At present, the landscape of incentives (other than refunds/remission of duties) received by the Indian exporters (of both goods and services) is hazy—thanks to the expiry of the Foreign Trade Policy 2015-20 and the introduction of Remission of Duties and Taxes on Export Products Scheme (RoDTEP) which came into effect from 1 January 2021. Over a period of time, many changes have been made in the policy but the incentives of exporters were not affected.

By P.S. Krishna, Partner, Tax and N. Mallikarjun, Associate Director, Tax

In the ensuing paragraphs, we will discuss the liquidity crunch due to the fact that RoDTEP rates have not been announced and the Merchandise Export from India Scheme (MEIS) and Service Export from India Scheme (SEIS) scrips are not being issued.

Incentivising the exports

Exports play a very important role in any economy as they are the key indicator of economic development and the key contributor to ensuring the balance of payments. So, any economic policies and reforms undertaken by the government should focus on incentivising these. It gives Indian products and services a competitive edge in the global markets.

The custom duties incurred by the exporters are currently reimbursed through duty drawback. The Goods and Service Tax (GST) incurred on inputs purchased locally and imports used for the manufacture of exported goods can be availed as a refund under the GST Act. However, certain taxes are still not refunded currently and form part of the cost of exported products/ services.

Background

The Agreement on Subsidies and Countervailing Measures Agreement is signed by various member countries of the World Trade Organization (WTO). The objective of the agreement is to impose multilateral disciplines on subsidies that distort international trade. As the name suggests, the agreement deals with procedures regarding subsidies and also the remedies available to a country to offset the loss caused by the subsidized imports.

Para 3.1 of the agreement prohibits grant of following subsidies by any member country:

- Subsidies contingent, in law or in fact, whether solely or as one of several other conditions, upon export performance;

- Subsidies contingent, whether solely or as one of several other conditions, upon the use of domestic over imported goods.

However, Article 27 of the agreement exempts the applicability of the above provisions to the developing countries with per capita gross national product (GNP) up to USD 1000 per annum. Since India has crossed the per capita GNP of USD 1000 per annum, the USA argued that India cannot provide subsidies on export performances. The WTO on hearing the case has directed India to honour the agreement and withdraw the benefits granted on export performances, such as MEIS.

MEIS and SEIS

MEIS and SEIS are the export incentives granted by the Government of India under Chapter 3 of the Foreign Trade Policy 2015-20. Under these schemes, the reward shall be eligible on exports of notified goods/services to notified countries as mentioned in the appendix to the FTP. The incentive is offered in the form of transferable scrips, which can be either utilised for payment of basic customs duty and additional customs duty on import of inputs or goods, including capital goods or can be sold in the market for cash to potential buyers. The value of incentive ranges between 3 percent and 7 percent for the notified goods/services and is calculated on the realized free on board value of goods/ foreign exchange earned on services. Though the WTO agreement restricts the incentives on the export of goods, the government wants to revisit both MEIS and SEIS with a new set of schemes and eligibility. However, currently, the MEIS scrips have not been issued since April 2020. Further, there has been a cap of INR 2 crore per importer-exporter code fixed as the maximum MEIS eligibility for the period from September to December 2020. This has really hurt the cash flow and working capital of the exporters. Similarly, the SEIS scrips are also not being sanctioned due to a lack of funds. The setback in the economy due to the COVID-19 pandemic has added to the woes of the exporters.

RoDTEP is a WTO-compliant export promotion scheme, under which the exporters will be reimbursed with the central, state and local levies incurred on the manufacture of an exported product that were not reimbursed earlier, such as electricity duty, mandi tax, and stamp duty

RoDTEP

RoDTEP is a WTO-compliant export promotion scheme, under which the exporters will be reimbursed with the central, state and local levies incurred on the manufacture of an exported product that were not reimbursed earlier, such as electricity duty, mandi tax, and stamp duty. This reimbursement would ensure that the cost of exports does not include any tax components. The RoDTEP scheme was approved by the cabinet on 13 March 2020 and is effective from 1 January 2021. However, the rates under the scheme are yet to be announced. Hence, this has created uncertainty in the export market and the price of products could not be fixed.

Conclusion

While MEIS and SEIS schemes are additional incentives for the export of goods and services, RoDTEP will only pay back the exporters the tax cost on goods that is not currently reimbursed under the other laws. Since the scheme only reimburses the tax cost, certain sectors such as footwear and textiles could end up with less cash flow, thereby leading to less competitiveness in the international market.

As the incentive rates are yet to be notified, the government must consider the current global situation and factors surrounding the export market to provide a competitive advantage for Indian exporters. The government is in the process of collating the data from the trade to fix the RoDTEP rates. However, based on the sample analysis out of few industries, we understand that the non-reimbursable taxes range between 1% and 2%, and in some industries, these are even less than 1%. Therefore, the government should think of matching the existing MEIS rates, or at least ensuring that the RODTEP rates are not very less compared to MEIS. This can be announced with a sunset clause also, if needed. This will go a long way in helping goods manufactured in India to compete with other countries. As far as services are concerned, the government should continue to provide the existing SEIS benefit as it is not under the WTO scanner. ■

Latest Amendments / Provisions to Watch

Key indirect tax proposals announced in the Union Budget

Finance Minister Nirmala Sitharaman presented the first digital Union Budget 2021 on 1 February 2021. Highlights of the key indirect tax proposals are highlighted below:

GST

- Input tax credit (ITC) cannot be availed unless reported by the supplier of goods and services as the supplies in the GST returns.
- Mandatory requirement of GST audit has been dispensed and replaced with self-certification process.
- Retrospective amendment (effective 1 July 2017) to clarify that the interest be charged on net basis
- Mandatory pre-deposit of 25 percent penalty before filing an appeal against the order passed for seizure of goods in transit.
- Seizure and confiscation of goods in transit to be a separate proceeding from recovery of tax Provisional attachment of assets to protect revenue would remain valid even after one year from the date of the order.
- Supply of goods or services to SEZ developer/unit shall be a zero-rated supply only when the said supply is for authorised operations.
- Earning in convertible foreign exchange is a mandatory requirement to claim export benefits
- Only notified class of taxpayers or notified class of goods or services eligible for zero rated supplies on payment of integrated tax (IGST).

Customs

- Any new condition-based custom duty exemption notification to automatically expire on 31 March on completion of two years from the date of exemption.
- Grant of power to Commissioner (Appeals) to issue summons and order seizure of goods Investigation related to evasion of customs duties has to be completed within two years; it could be extended by one more year.
- Goods attempted to be exported for claiming wrongful export benefits would be liable to be seized
- Fraudulent credit availed on the exported goods would be liable to penalty equal to five times of the refund amount Common electronic portal proposed to set up to facilitate registration, filing bill of entries, shipping bill, amend the filed documents by the customs authorities, etc.
- Procedural changes to anti-dumping and countervailing duty.

Other proposal

Withdrawal of benefit to procure goods under Form C for the goods not specified under Central Sales Tax Act (such as mining, for generation/distribution of electricity).

The Central Board of Indirect Taxes & Customs (CBIC) has taken a new initiative to introduce its flagship liberalised micro small and medium enterprises (MSMEs) authorised economic operators (AEOs) package. The flagship package is a voluntary compliance programme, which enables swifter customs clearance for accredited stakeholders in the global supply chain viz. importers, exporters, logistic service providers, custodians, etc. Key benefits of the initiative are:

1. Relaxed compliance criteria for MSMEs with a valid certificate from their line-ministry.
2. The MSMEs that have filed a minimum of 10 customs clearance documents in one year and have a clean compliance record for over two years can now apply for the AEO scheme.
3. Simplified documentary requirements.
4. Grant of AEO status within only 15 days from electronic submission of complete documents for AEO Tier T1.
5. Reduction in bank guarantee requirements.
6. Various benefits for approved AEOs such as facility of:
   - Direct port delivery (DPD) of imported containers.
   - Direct port entry (DPE) of their export containers.
   - High level of facilitation in customs clearance of consignments, thereby ensuring shorter cargo release time.
   - Exemption from bank guarantees.
   - Priority for refund/rebate/duty drawback.
   - Client relationship manager at the customs port as a single point of interaction.
7. Deferment of payment of customs duty and no need to pay before the clearance of the imported goods by customs.
8. Exports to certain countries are accorded facilitation by the foreign customs administration with whom India enters into a mutual recognition agreement/arrangement for Tier 2 AEOs. ■

ADVERTISE IN EPCES PUBLICATIONS

Export Promotion Council for EOUs & SEZs (EPCES) has been setup by Ministry of Commerce & Industry to service the export promotional needs of EOUs & SEZs in the country. Over the years, EPCES has made an endeavour to facilitate consultations between different stakeholders including industry, policy makers, bank, financial institutions and multilateral agencies to facilitate greater competitiveness in the Indian EOUs & SEZ sector

EPCES published many publications to facilitate its members like EPCES News, Book on Notification, SEZ Act & SEZ Rules, Success Stories, FAQ, etc. EPCES Publications are widely distributed to members, non-members EOUs/SEZ Units/SEZ Developers, senior government officials of different ministries, State Governments, important trade associations, Indian missions overseas & overseas missions in India, in trade fairs & exhibitions in India & abroad where EPCES participates, to potential new members etc. EPCES publications have constantly and continuously been bringing up and highlighting the issues and problems relating to the EOU & SEZ community. EPCES puhlications are an ideal platform to advertise your products & services as it reaches the concerned within India & Abroad. In case you are interested to publish an advertisement in any of the EPCES publications kindly contact EPCES Head Office at epces@epces.in or call 011-23329766-70.

VISAKHAPATNAM SPECIAL ECONOMIC ZONE

World Class Space for any Industry, Service and Business and enjoy the difference

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- Infrastructure - Excellent Road Network, Airports, Major Ports, Rail Network, Telecommunication Network & Uninterrupted power supply.
- Fully functional SEZs with world class internal infrastructure like Roads, ETPs, Storm water drains.
- Electricity, Water and Telecommunication.
- Pro-active State Governments, Attractive Incentives & Industrial Friendly Policies.
- Availability of Trained and skilled manpower in the vicinity.

Advantages of SEZ

Save Money (Duty Free Procurement)

- Capex(Import/Indigenous).
- Operational Expenditure.
- Savings over entire project life cycle
- Low rentals
- Low Labour Cost.

REDUCED RISKS

- Secure environment with 24X7 CCTV Surveillance
- Continuous cash flow owing to access to DTA/Export market.
- Time to build brand image.
- Inter-SEZ and Intra SEZ Linkages available.
- Minimal outside regulatory interference.

For further details contact:
The Zonal Development Commissioner,
Visakhapatnam Special Economic Zone Govt. of India,
Ministry of Commerce & Industry.
Administrative Building, Duvvada, Visakhapatnam - 530 046.
Tel: 0891-2708255, Fax:0891-2587352.
E-mail:devcomm.vsez@gov.in Web: www.vsez.gov.in

Visakhapatnam SEZ   Development Commissioner

@dcvsez   devcomm.vsez.visakha

ACHIEVEMENTS

- Outstanding exports to the tune of Rs.74747 Cr. during 2018-19
- Highest growth rate of exports among all SEZs in the country during 1st half of 2019-20
- Growth rate of 34% in exports in the half year of 2019-20 in VSEZ.
- Direct employment of 3,64,500 nos.

INCENTIVES

- Exemption from duty on imports/ domestic procurement of goods for development, operation and maintenance of SEZ units.
- Exemption from Income Tax.
  - **100% for first 5 years on income earned from exports.**
  - **50% for next 5 years on income earned from exports.**
  - **50% of the ploughed back export profit for the next 5 years.**
- Sales to SEZ are Zero rated under IGST/CGST.
- Exemption from Stamp Duty.
- MEIS/SEIS beneifts.
- Exemption from Registration Charges.
- Tailor made benefits for mega projects from State Government.

INVEST IN SEZs

- Single Window Mechanism.
- Fully operational facilitation centre for handholding.
- No routine Checks - Clearances on Self Certification.
- Large Land Bank in Possession with the Developers.
- All SEZs are strategically located with multi mode connectivity.
- Availability of Talent Pool and workforce.
- Round the clock security.