EPCES NEWS

Volume 16 No. 2

JULY-SEPTEMBER 2020

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INNOVATIONS IN EOUs and SEZs

Team of Techgentsia Software winner of Digital India Initiative of Govt. of India

EXPORT PERFORMANCE OF SEZs

As per the data made available by SEZ Online from Department of Commerce, during April-August 2020 period, overall exports (merchandise and services combined) from India's SEZs declined by 11% over the same period last year, as compared to the estimated decline of 19.32% in the India's overall exports. It shows that overall performance of SEZs has been better as compared to the overall performance of the country in exports. During this period, Merchandise exports declined by 37% (as compared to 26.65% for country as whole) and services exports grew by 9% (as compared to a decline of 8.8 % for the country as a whole). Thus the performance has been much better in respect of export of services from SEZs.

In Crore Rs

TOTAL ZONE WISE EXPORTS FROM SEZs

Zone Wise	August 2020'	August 2019'	Change%	April to August 2020'	April to August 2019'	Change%
Cochin Special Economic Zone	9,316	15,469	-40%	56,995	72,933	-22%
DC SEEPZ SEZ Mumbai	10,198	9,675	5%	48,836	45,011	8%
FALTA Special Economic Zone	2,298	2,422	-5%	11,432	11,835	-3%
Kandla Special Economic Zone	10,141	13,800	-27%	46,013	69,169	-33%
MEPZ Special Economic Zone	7,784	8,869	-12%	42,898	42,685	0%
Noida Special Economic Zone	5,033	5,055	0%	26,707	27,334	-2%
Vishakhapatnam Special Economic Zone	7,304	8,393	-13%	40,042	37,564	7%
Total	**52,075**	**63,682**	**-18%**	**2,72,923**	**3,06,533**	**-11%**

SERVICE EXPORT FROM SEZs

Zone Wise	August 2020'	August 2019'	Change%	April to August 2020'	April to August 2019'	Change%
Cochin Special Economic Zone	8,571	10,170	-16%	54,064	50,118	8%
DC SEEPZ SEZ Mumbai	8,205	7,414	11%	42,502	35,763	19%
FALTA Special Economic Zone	1,326	1,428	-7%	7,210	7,092	2%
Kandla Special Economic Zone	354	557	-37%	1,947	2,013	-3%
MEPZ Special Economic Zone	6,487	7,291	-11%	37,758	35,109	8%
Noida Special Economic Zone	3,544	3,662	-3%	20,391	20,080	2%
Vishakhapatnam Special Economic Zone	4,135	5,437	-24%	27,572	26,228	5%
Total	**32,621**	**35,959**	**-9%**	**1,91,442**	**1,76,403**	**9%**

MERCHANDISE EXPORT FROM SEZs

Zone Wise	August 2020'	August 2019'	Change%	April to August 2020'	April to August 2019'	Change%
Cochin Special Economic Zone	745	5 ,299	-86%	2,931	22,815	-87%
DC SEEPZ SEZ Mumbai	1,993	2 ,260	-12%	6,334	9,248	-32%
FALTA Special Economic Zone	972	994	-2%	4,222	4,744	-11%
Kandla Special Economic Zone	9,787	13,243	-26%	44,066	67,156	-34%
MEPZ Special Economic Zone	1,298	1,578	-18%	5,140	7,576	-32%
Noida Special Economic Zone	1,489	1,393	7%	6,316	7,254	-13%
Vishakhapatnam Special Economic Zone	3,169	2,956	7%	12,471	11,337	10%
Total	**19,453**	**27,723**	**-30%**	**81,481**	**1,30,130**	**-37%**

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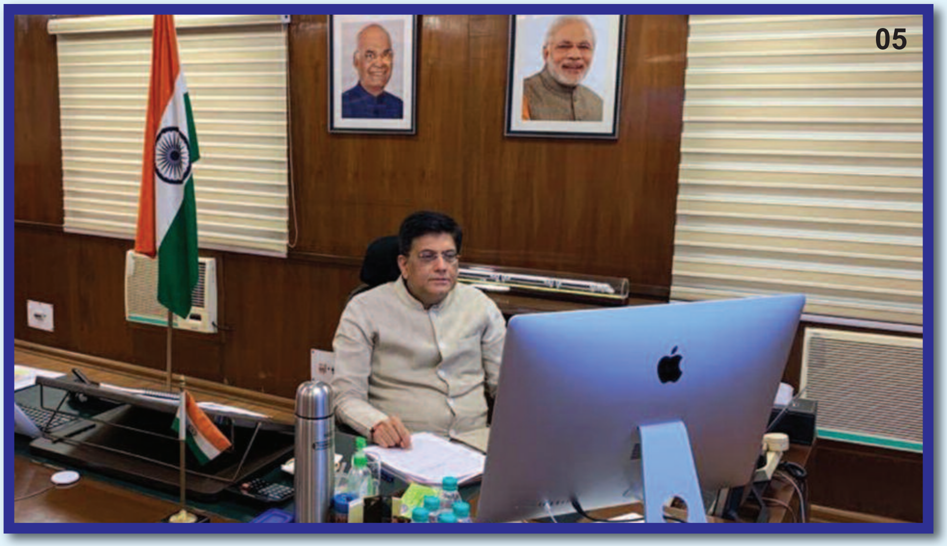

EPCES NEWS

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
Vice Chairman, EPCES

> EPCES has engaged M/s Grant Thornton as EPCES Consultant to respond to queries of members through messages, emails and making representations to the Government for early redressal of their problems

Dear Exporter Friends,

First of all I hope and trust that you and your families are healthy and safe. I am sure that the EOU/SEZ Community will soon recover from the effect of this COVID-19 pandemic and return to pre-Covid levels in terms of production, export, investment and employment.

The Government of India has provided a number of procedural relaxations in terms of filing of returns, forms, etc. EPCES is regularly making representations and meeting senior officials of the Government for further relaxations/incentives and streamlining of procedures based on the feedback received from the stakeholders. We are hopeful that the Government will consider our requests and the EOU/SEZ Sector will recover from the pandemic outbreak and continue the positive track record in terms of exports, investment and employment.

For addressing the issues raised by the members in a more systematic and professional manner, EPCES has engaged M/s Grant Thornton as EPCES Consultant to respond to queries of members through messages, emails and making representations to the Government for early redressal of their problems. A specific email ID (query@epces.in) has been created in which queries from EPCES members will be taken, and also responded to.

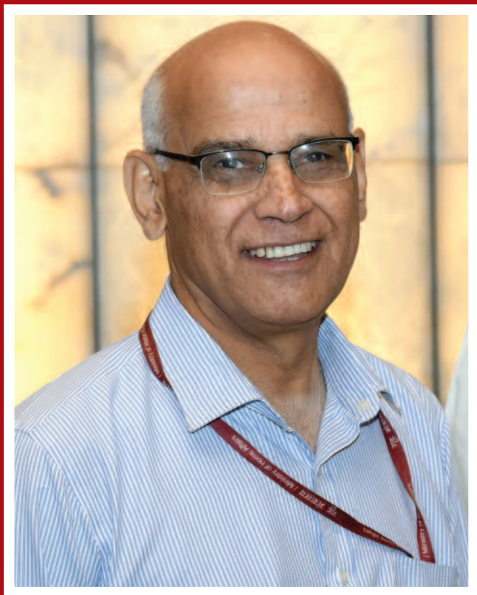
I am happy to inform that EPCES has signed a Memorandum of Understanding (MOU) with the Institute of Chartered Accountants of India (ICAI) on 27.9.2020 for providing better services to EPCES members. By signing this MOU, EPCES and ICAI will jointly organize events for the industry, participate in international events for furtherance of export promotion, jointly lead trade delegations abroad for studying the best practices for EOUs and SEZs globally, organize relevant studies and disseminate information and statement to media on developments like budgets, state and industry specific developments, etc. For information of the members on the issues taken up with the Government and their present status, a google spreadsheet has also been created which is being updated regularly. The list of pending issues is available at the EPCES website wwe.epces.in.

During this period I had a number of meetings on video with Hon'ble Commerce & Industry Minister, Commerce Secretary, Additional Secretary Commerce, and discussed issues faced by EPCES members. In the meeting with Hon'ble Commerce & Industry Minister on 3/9/2020, we raised the key issues facing the exporters' community such as duty free supply to DTA from SEZ, exemption from 5% health cess, free export of non-medical NBR gloves, exemption from lease rental at least for manufacturing units, integration of SEZ online with ICEGATE, charges for SEZ online to be borne by the Government, job work by SEZ units for DTA, MEIS/ROSTL benefits for EOUs and SEZs, clarity regarding MEIS for the period from 1.4.2020 to 31.8.2020, etc.

EPCES has started the initiative of zone-wise interactions with private SEZ Developers, SEZ units and EOUs. Interactive webinars with SEZ developers under MEPZ SEZ were held on 16th September, 2020 and interaction with SEZ Developers under Noida SEZ was organized on 23.9.2020. Interaction with other zones will be organized subsequently.

I hope the initiatives will further boost the exports from the EOU/SEZ sector and EPCES will be able to provide best services to its members.

Bhuvnesh Seth
Vice Chairman, EPCES



Alok Vardhan Chaturvedi
Director General, EPCES

Dear Friends,

It gives me immense pleasure in presenting this issue of EPCES News for the period July-September, 2020, containing details of activities undertaken by EPCES during July to September 2020.

You will be happy to know that EPCES has launched a Contact EPCES service (https://www.epces.in/enquiry-form.php). Members can submit their problems/suggestions, etc. and view the status of action taken by EPCES by using the reference number issued.

We are regularly interacting with the Department of Commerce and other Ministries regarding pending issues. I thought members should know about the latest status on such issues. We have started publishing the status of pending issues on the EPCES website for general information.

I noticed that no data regarding exports and imports on SEZ was available to EPCES. EPCES took up this issue and you will be glad to know that the Department of Commerce has started sharing this data received from SEZ Online with EPCES on a regular basis. Detailed data received from SEZ Online is available on our website. A brief of the same is included in this newsletter. This will be a regular feature and I hope it will be useful to members. As per the data made available by SEZ Online, during April-August 2020 period, overall exports (merchandise and services combined) from India's SEZs declined by 11% over the same period last year, as compared to the estimated decline of 19.32% in India's overall exports. It shows that overall performance of SEZs has been better as compared to the overall performance of the country in exports. During this period, Merchandise exports declined by 37% (as compared to 26.65% for the country as a whole) and services exports grew by 9% (as compared to a decline of 8.8 % for the country as a whole). Thus the performance has been much better in respect of export of services from SEZs.

> "The overall performance of SEZs has been better as compared to the overall performance of the country in exports"

Members have been facing difficulties while applying for EPCES membership through its online RCMC Portal, resulting in delays in getting their RCMCs which is necessary for availing any incentive of the EOU/SEZ Scheme. Keeping this in mind, it was decided to develop a new user-friendly new RCMC Online Portal, which will be easy to operate by the EOU/SEZ units and developers. It should be available from November onwards.

It was also noticed that the members, especially MSMEs, face difficulties in getting clarification about Rules and procedures. You will be happy to know that for a systematic and professional resolution of their queries, EPCES has engaged the services of M/s Grant Thornton, one of the largest fully integrated Assurance, Tax and Advisory firms in the country with 4,500+ people and presence in 15 locations across 13 cities in India and with a global presence across over 135 countries. Experts of Grant Thornton are added in the Regional WhatsApp groups of EPCES members. A dedicated email ID has been created (query@epces.in) where members can send their queries to be addressed by the expert team of M/s Grant Thornton. I hope members will take maximum advantage from the services of M/s Grant Thornton.

You will be happy to know that EPCES has also entered into an MOU with the Institute of Chartered Accountants of India (ICAI) on 27.9.2020 for providing better services to EPCES members. We will be organizing joint webinars on topics relevant to our members using the expertise of ICAI and our members will benefit from the global presence of ICAI.

I seek cooperation and suggestions from all members for making the services of EPCES better and more useful to the members.

Alok Vardhan Chaturvedi
Director General, EPCES

TRIPURA GETS ITS FIRST SEZ

Chief Minister Shri Biplab Deb at at the foundation stone laying ceremony of Tripura's first-ever Special Economic Zone (SEZ) at Sabroom, the southernmost town of the state bordering Bangladesh

The Ministry of Commerce and Industry has notified the setting up of the first-ever Special Economic Zone (SEZ) in Tripura. The SEZ is being set up at Paschim Jalefa, Sabroom, South Tripura District, which is 130 km away from Agartala. It will be a sector-specific economic zone for agro-based food processing.

The SEZ, being developed by the Tripura Industrial Development Corporation, is expected to launch new avenues to attract huge private investment, especially since it is located at close proximity to Chittagong Port in Bangladesh and an Indo-Bangla bridge being built over River Feni at Belonia. A logistics hub is also expected to be set up here at an expense of Rs. 2,000 crore.

The estimated investment in the project will be around Rs 1,550 crore, with the developer being Tripura Industrial Development Corporation (TIDC) Ltd. Rubber-based industries, textile and apparel industries, bamboo and agri-food processing industries will be a part of the SEZ.

Tripura Chief Minister Biplab Kumar Deb while laying the foundation stone for the state's first special economic zone (SEZ) informed that the SEZ is expected to generate nearly 5,000 jobs, while preliminary estimates suggest a scope of 12,000 skilled jobs. He also said farmers and traders would derive benefits from the SEZ as it would facilitate export and import.

Union Minister Piyush Goyal, through a video message, praised the initiative, saying that the Central government, ministry of railways and the Tripura government are working together to develop the state.

The tripura SEZ will definitely add to the reverse migration of the young employees across the nation.

A bridge on the Feniriver which would be completed by December this year would connect Sabroom with Chittagong in Bangladesh, officials said. The bridge would connect Sabroom to Chittagong port, helping it emerge as a logistics hub, they said. Tripura shares an 856-km-long international border with Bangladesh. ■

EPCES UPDATES

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 **epcesupdates@epces.in**

To ensure that all the information reaches each and every member timely, EPCES has adopted a new application to overcome the e-mail and contact details problem. We request you to kindly register your company e-mail id by the below mentioned link:

https://forms.gle/fTqhzFtZybSreK678

You will appreciate that correct contact details will help us to serve you in a more effective manner.

CIM meeting with all EPCs

Hon'ble Minister of Commerce & Industry, Shri Piyush Goyal, interacted with all the Export Promotion Councils (EPCs) through video conferencing on September 3, 2020 to review the difficulties being faced by the exporting community during the COVID-19 pandemic.

EPCES Vice Chairman Shri Bhuvnesh Seth and its Director General Shri Alok Vardhan Chaturvedi, IAS (retd.), made representations before the CIM and other senior officers of the Department of Commerce on the issues being faced by the EOU & SEZ community.

The key points represented during the meeting by EPCES brass were:

- A google spreadsheet of all pending key issues of exporters from SEZ and EOUs, priority wise, has been created and shared with the Additional Secretary (SEZ). We are discussing the issues on a regular basis. Most of our issues can be resolved by the Department of Revenue.
- Duty free supply to DTA from SEZ in general and especially for the products which are being imported as part of "Atma Nirbhar Bharat" should also be treated as exports for the purpose of NFE calculations.
- Exemption of 5% health cess on medical devices manufactured in SEZ/EOU units and supplied to DTA should not be levied.
- Export of non-medical NBR gloves should be made free.
- Exemption of lease rental, at least for manufacturing units in SEZs. These charges are levied by SEZ authorities under the Development Commissioner. Money doesn't go into the consolidated fund. So exemption is also entirely under their powers. There is no need to ask the finance department for that. At the most a direction can go from the department for their comfort. Manufacturing units have suffered a lot. Their exports are down by 41.7% in dollar terms. Further, DCs should be asked not to issue eviction notices for payment of arrears.
- Integration of SEZ online with ICEGATE—Government should bear charges for SEZ online on the pattern of ICEGATE.
- Job work by SEZ units for DTA should be allowed. This can be capped if required

Shri Piyush Goyal, Hon'ble Union Minister for Commerce & Industry and Railways

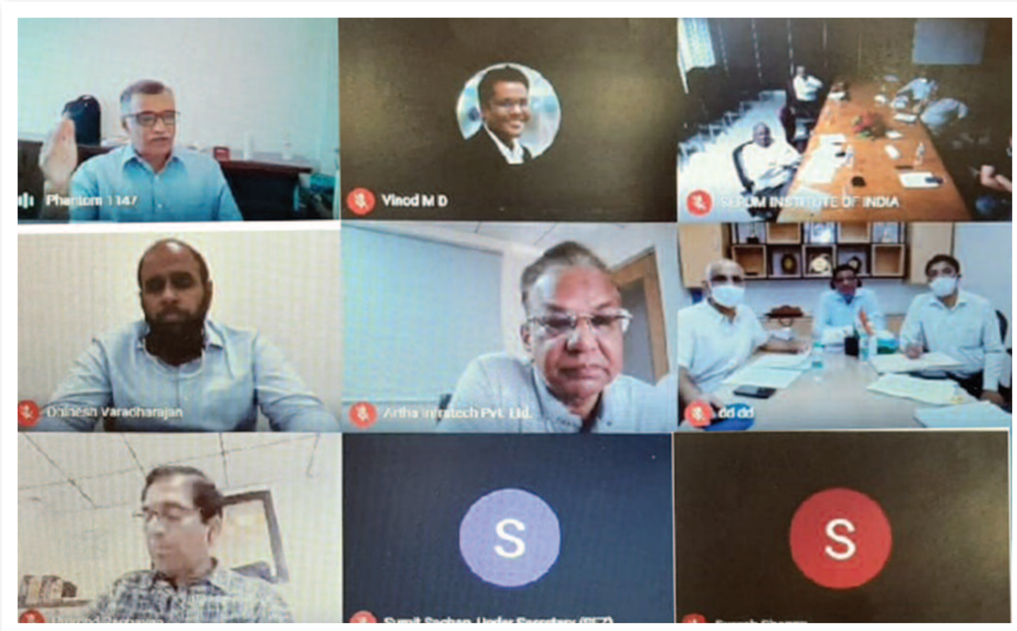
- MEIS/ROSTL benefits the apparel garment sector for SEZs and EOUs.
- RoDTEP may take some time. Lot of data has to be given and examined. Rates may be clear only by the end of December. It will be difficult to properly price their products. Even if the rates are available till December 2020, MEIS should continue till 31.3.2020.
- There should be a system sharing with EPCs concerned about the progress on pending issues raised during the meetings.

The following common issues were raised by us and other EPCs as well:

- MEIS for the period from 1.4.2020 to 31.8.2020 should be started.
- SEIS rates and SEIS for previous years may be allowed.

CIM in the concluding statement stated that all these points have been noted (CIM has a dashboard where all such points are entered and monitored) and a platform/whatsapp group would be created to inform the EPCs about the progress made. The next meeting with the CIM will be held in a month or so. ■

Interaction with Additional Secretary (SEZ), Dept. of Commerce



Top left Shri S Kishore, Additional Secretrary, Department of Commerce addressing the ECPES members during the video conference meeting

As requested by EPCES, Shri S Kishore, Additional Secretary, Department of Commerce, held an interaction with EPCES members to discuss the issues faced by the EOUs and SEZs on October 6, 2020.

Initiating the meeting, Shri Alok Chaturvedi, Director General, EPCES welcomed Shri S. Kishore, Additional Secretary, Commerce and all the participants. He stated that the issues referred by the members have already been forwarded to the DoC for detailed examination and follow up. He requested initial discussion on the following key common issues facing the members:

i) Government's thinking on SEZs. We keep on hearing rumours that the Government wants to close down the scheme.
ii) SEZ to DTA supplies based on either duty foregone, duty free or equalization duty basis.
iii) In case of EOUs, such DTA supplies should have nothing to do with NFE just like MOOWR 2019.
iv) Exemption from 5% health cess on medical devices on SEZ/EOU to DTA supplies.
v) Waiver of rental charges for 6 months, at least for manufacturing units.
vi) FTWZ as multi-sector SEZ following Dec amendments in SEZ Rules that all SEZs are multi-sector SEZs.
vii) Supply of services to DTA on INR payments.
viii) Uniform policy for rental charges in all Government SEZs case of transfer, merger, demerger, arrangements, NCLT orders, etc. (new management or old management). Very high charges being levied for NCLT approved mergers in MEPZ while there is none in NOIDA SEZ.
ix) Baba Kalyani Report recommendations.
x) ICEGATE to be extended in SEZ to the extent possible. Both can work in parallel. At least saving charges to that extent. Further, no charges for domestic transactions for SEZ Online. Rationalization of charges.
xi) Accumulated IGST cash balance in GSTN portal in case of SEZ to DTA supplies. Legal lacuna of double payment under IGST Act and SEZ Act.
xii) No export duty on DTA to SEZ if change in tariff code.

Shri S Kishore, Additional Secretary, Commerce informed the gathering that some of the issues are under consideration of the Government. He stated that duty is under advance consultation with D/o Revenue and hoped that we may have some resolution soon. Similarly, FTWZ to be treated as multi-sector SEZ, Law Ministry has supported the stand of DoC and DoR has been requested to vet the clarification. As regards payment in INR for supply of services to DTA, it requires amendment in SEZ Act. The report of the Baba Kalyani Committee has recommended for conversion of SEZs to Employment and Economic Enclave which may require refund of duty benefits availed by SEZs which may lead to complications. That will also require amendments in SEZ Acts and Rules. The Additional Secretary stated that SEZs have global brand image and we should promote the same. There is a perception that IT SEZs exist only for tax exemptions, else those investments would have been in DTAs in any case. Similar is the case of SEZ in the oil and petroleum sector. We should promote the image of SEZs that there is more to them besides tax exemption in terms of infrastructure, ease of doing business, etc.

Shri Bhuvnesh Seth, Vice Chairman, EPCES thanked Shri S Kishore for sparing his valuable time to attend this meeting. He also thanked all the participants for making it convenient to participate in the meeting. He hoped that the meeting turned out to be fruitful. Vice Chairman then briefed about the issues faced by his EOU as under:-

i) EOUs are allowed to print and supply books in India for orders received from overseas and payment is received in foreign currency under chapter 6.08(b) and 6.09(b) of FTP with prior permission from the Development Commissioner. Getting permission from the DC office takes 10 days. It is, therefore, requested that permission may be given online immediately.
ii) There is a problem due to different treatment of printing of books under GST and Customs laws. Post GST, printing of books is classified as Manufacturing Services under SAC 9989 while the printed books are exported as books globally under 4901 even though the content is supplied by the publishers and only printing takes place in EOUs/India. EOUs are treating this as export of services and hence want to clear under LUT as per IGST Act Section 2(6). However as per Customs interpretation, printed books are exported as books. Under 4901 they should be custom cleared under "Not Applicable Category" as there is no GST on books. He stated that while supplying printed books in DTA, on the orders received from overseas, under services 9989, GST @12% is applicable. However, there is no GST on sale of books in DTA by publisher for the overseas orders, as we are executing services and not selling the books. A clarification in this regard is required to avoid any problem/confusion in future.
iii) EOUs are entitled to supply in India for order received from overseas and payment is received from overseas in convertible foreign currency under chapter 6.08 (b) and 6.09 (b) of foreign trade policy with prior permission from NSEZ.As per IGST Act, Section 2(6) "Export of Services", are such units entitled to use duty-free material as it is classified as export of services?
iv) E-BRC/FIRC should be given to SEZs/EOUs on no-charge basis.
v) Plug and play system should be implemented as it takes about 2 to 3 months for a unit to get approval and become operational.
vi) In the absence of income tax exemption, EOUs may be provided with some other incentives.

Shri P.C. Nambiar of Serum Institute of India Ltd, submitted the following issues:-

i) Trans-shipment of cargo to SEZs and EOUs may be allowed within a day, after checking marks and numbers. At present it undergoes almost normal clearance procedure, except detailed examination.
ii) Trans-shipment of cargo imported by SEZs should be allowed without amending of IGM from "Local" to "TP", which was allowed earlier. SEZs requested Shri Nambiar to provide him a case to examine and take up with the concerned officers.

Shri DhineshVardharajan, Regional Chairman, MEPZ SEZ, submitted the issues as under:-

i) Abnormal increase of 1500% in fixation of lease for demerged NCLT properties. The Government should continue on the same rent as the units are struggling at the moment with order cancellation, bad debts and severe issues due to COVID-19.
ii) There is a big footwear manufacturer having 2 SEZ units in Tamil Nadu. Additional 2% MEIS benefit to the footwear sector has been withdrawn w.e.f. 1.1.2020 vide Public Notice No. 47. RoDTEP is also not applicable to this sector. There is a cap of MEIS benefit vide PN 30 dated 1.9.2020. This additional 2% cut leads to cash loss of INR 500 million to the unit.

Instructions may be issued in order to provide clarity over MEIS eligibility on the exports made during 1.4.2020 to 31.8.2020 and opening the portal for MEIS and revise the cap of INR 20 million per IEC to the extent of an equal value of MEIS claimed by an IEC holder in the previous year, i.e. 2019-20.

iii) M/s Salcomp Manufacturing India Pvt Ltd started SEZ unit in 2007 as Lite-on Mobile India Pvt Ltd (LOM). Currently Salcomp is reviving the defunct Nokia SEZ to provide a great comeback for the electronic industry. NOKIA will remain as a SEZ unit for exports. They are, however, converting LOM into a DTA unit as the conditions are much favorable for a DTA manufacturing for structural parts business (mechanics-moulding, painting, stamping, CNC operations, etc) as there is an import duty @15%.

LOM started operation in 2007 and suspended production during 2015. LOM applied for exit from SEZ in February 2020 after the acquisition by Salcomp and there was an issued raised by Authorized Officer of Nokia Telecom SEZ stating that the depreciation for the factory building as well as associated facility utilities has to be calculated until the date of last production and not until the date of filing the Bill of Entry for home consumption. Due to this they have to pay Rs 8 crore as Customs duty in the form of bank guarantee to complete the exit process. Rule 49(1)(b) of SEZ Rules provides that "depreciation in value shall be allowed for the period from the date of commencement of production or where such capital goods have been received in the unit after such commencement of production from the date of such goods have been put to use for production till the date of presentation of Bill of Entry for home consumption". Keeping the above in view, the unit has sought clarification in this regard.

iv) ECGC claim of M/s Hexagon Nutrition (Exports) Pvt Ltd not settled by overseas customs M/s Aet Medica, Belgium, M/s Amesi Kenya Ltd, Kenya and M/s Lifewin Chemical Pvt Ltd, Zimbabwe, against 3 default payment outstanding in USD 6,02,699.46 (Rs. 4,27,95,846). The shipment was made with prior approval from ECGC based on the credit limit sanctioned by ECGC. ECGC rejected the claim on untenable reasons. ECGC has not given any evidence establishing a principal agent relationship between them and the buyer.

Shri S.K. Gupta of Artha Infratech Pvt Ltd submitted the following issues:-

i) If a SEZ unit sells their services inside India, then they have to accept the payment in foreign currency. Due to this provision the buyer has to go to the bank to buy dollars on commission, make payment to SEZ unit in dollar and then SEZ unit again converts it to INR by paying commission to the banks. Amendment in SEZ Act is needed in this regard.

ii) IT/ITES units are not honoring their contracts/lease deed and not paying rentals. The complete infrastructure was created on the demand of units and now units are vacating the major part of their SEZ space and not paying rentals. There should be a commitment of 3/5/7 years of minimum lock in/lease period.

iii) Developers have made huge investments in SEZs. Big fraction of built up space is lying vacant. To deal with this, billing in Indian rupee to the DTA clients and broad banding of various activities should be permitted in IT/ITES SEZs urgently.

Shri Suresh Shenoy of Infosys submitted as under:-

i) Billing to DTA clients in INR may be permitted.

ii) There is a 45-day window to verify invoices by the Customs from the date of creation of invoice which is difficult as at the end of the month thousands of invoices are to be verified by Customs. This is related to the goods and should not be applicable in respect of Services.

Shri Alok Mukherjee, Idemia Syscom Pvt Ltd, submitted the following issues:-

i) Multiple LOAs should be allowed in the same premises as foreign investors are showing interest in investing in India if the new companies are formed. Having existing land and building is the attraction for them to have a joint venture as it will not only help in starting the business immediately but also reduce the investment further for land and building.

ii) Idemia Syscom is having export turnover of Rs 3,000 crore. We want to bring more supply chain manufacturing into our plant. We should be allowed with some incentives.

After hearing all the participants, Shri S. Kishore, Additional Secretary, Commerce commented that land issues have to be decided in consultation with State Governments. As regards non-payment of rentals by the clients, this is a contractual issue and needs to be pursued as per law. As regards SOFTEX, we are working on removal of its requirement. The Additional Secretary asked to concentrate on the Banding of SEZ Scheme. For nominating members from trade in the UAC, nobody is coming forward to offer their name. SEZs should improve their infrastructure and facilities rather than asking for incentives.

DG EPCES informed that EPCES will take up ECGC issue with ECGC officials. Regarding Health Cess exemption, EPCES has already taken up the issue with the Health Secretary as well. For ICEGATE extension to SEZ, a study is going to be conducted by EPCES. DG EPCES informed that EPCES is in the process of publishing a booklet on Success Story of SEZs as well as making a video film for branding of the SEZs. EPCES has also requested that SEZs should have Ease of Doing Business ranking. Similarly the infrastructure in SEZ and connectivity with port and airport, etc are more important.

DG EPCES thanked the Additional Secretary and requested that we may have this kind of interaction on a regular basis so that the members are aware of the latest status about the pending issues.

The meeting ended with a vote of thanks by the Vice Chairman, EPCES. ■

Procedure for application and issuance of scrips under RoSL Scheme

Directorate General of Foreign Trade, Ministry of Commerce & Industry has issued Public Notice No. 25 dated 13/10/2020 notifying procedure for applying, recovery mechanism and the new AaatNiryat Form ANF-4SL under Rebate of State Levies (RoSL). New paragraph 4.97 and 4.98 are notified in the Handbook of Procedures, informing about the procedure to apply for scrips under the Scheme for Rebate of State Levies (RoSL) and Recovery Mechanism. ANF-4SL is also notified which is an Annexure to Public Notice No. 25.

Public Notice No. 25 dated 13.10.2020 is available on the below link of DGFT:-
https://content.dgft.gov.in/Website/dgftprod/9869bcfa-340f-466f-a682-e07389345e6f/PN-25%20dt-13.10.2020%20(E).pdf

Procedure for inspection of ICDs/CFSs/AFSs

Central Board of Indirect Taxes and Customs (CBIC), Department of Revenue, Ministry of Finance, vide Circular No. 44/2020-Customs dated 8/10/2020 has informed that the Board as decided to put in place a proper system for regular inspection of ICDs/CFSs to ensure better functioning of ICDs/CFSs in future and would be of great benefit to the importers and exporters using these facilities.

CBIC Circular No. 44/2020-Customs dated 8/10/2020 is available at the below link:-
https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2020/Circular-No-44-2020.pdf;jsessionid=544D993A61437032E7C151ED15AA78BA

August 28, 2020

The Reset of Globalization and Rising India Opportunity

ASSOCHAM in association with EPCES organized the *14th International Special Economic Zone Investment Summit – The Reset of Globalization and Rising India Opportunity* on August 28, 2020. The discussions were moderated by Shri Hitender Mehta, Co-Chairman, National SEZs Council, ASSOCHAM. The theme address was delivered by Shri Ravindra Sannareddy, Chairman, National SEZs Council, ASSOCHAM. Other key panelists included Shri Alok Vardhan Chaturvedi, Director General, Export Promotion Council for EOUs & SEZs (EPCES); Shri Srikanth Badiga, Member, Central Governing Council, EPCES, Dr. L B Singhal, Former Development Commissioner, SEZs; Shri Rama Mohan Reddy, Development Commissioner, Visakhapatnam SEZ; Shri Huw LLewllyn, Head of Property, Admiral Group Plc,UK; Shri Jasveer Singh, Chief Business Officer, Arise Integrated Industrial Platforms, Shri R Muthuraj, Development Commissioner, Sri City SEZ; Shri Indranil Dasgupta, CEO, Attivo Economic Zones Pvt. Ltd.; Shri Loknath Nadar, Business Head – Origins by Mahindra World City, Ahmedabad.

Shri Sannareddy mentioned that there are nearly 5,400 SEZs today, more than 1,000 of which were established during the last five years. Globally, SEZs are equipped with efficient infrastructure, quality services, favorable business environment, few regulatory restrictions, and minimum of red tape. They are set up to generate a circular and cumulative growth process that requires two-way linkages between SEZs and the wider economy. India as a country is endowed with rich and varied resources coupled with a strategic location in the South Asian region and has a vast coastal boundary enabling it to achieve a pivotal role in serving the global economy. The SEZs aim to create more public-private partnerships, thereby resulting in the development of world class infrastructure, augmenting economic activity, enhancing exports and creating employment opportunities. In essence, these zones are self-contained and self-integrated zones having their own infrastructure and support services. Now, in the post COVID-19 scenario, India is picking up pace to restart the economic activities and welcome global investors to set up their business in Indian SEZs, as there is a ready infrastructure and a single window mechanism for all business operations.

Shri Srikant Badiga informed that in the global perspective there should be one country one policy for exports in India and we should have one particular SEZ act like one country one tax. We should not confuse the investors with various export schemes. We should bring exports under one authority for smooth implementation and faster decision making. The main intention to develop SEZ is boosting the manufacturing industry which we can learn from Sri City. We should develop more such SEZs in the country.

India has a large population and a manufacturer has the dual advantage—they have the option for sale from India and also sale within India because of geographical positioning vis a vis Far East, Middle East and Europe also. Some of the US Companies which are based in China are moving out, they should be attracted for investments in India as nearby countries South Korea, Vietnam, Cambodia, Thailand, Philippines are trying to compete for these investments.

Shri Alok Vardhan Chaturvedi while addressing the participants said that it is true that globalization has been reset and the wave of trade liberalization has slowed down. Every economy is trying to protect its market for its own producers and trying to export to other economies. Fear of job losses or actual job losses, especially in manufacturing, has taken over the advantages accrued to consumers and people because of liberalization. From the end of the Second World War tariffs followed a downward trend that leveled off in both advanced and emerging market economies during the first part of the 21st century, before starting on an upward trajectory again in recent years.

The use of regulatory measures and non-tariff barriers such as export subsidies, restrictions on licensing or foreign direct investment and domestic clauses in public procurement have increased, leading to an overall surge in trade distortions. According to data from the Global Trade Alert database encompassing traditional and non-traditional trade measures, the number of new discriminatory actions announced by G20 economies has risen steadily since 2012 and surged further in 2018 onwards. Anti-dumping measures

and import tariffs were the two most widely used instruments, together accounting for around 30% of all of the measures imposed. The use of indirect measures, such as state loans to exporting companies, has also increased gradually. The rise in protectionism implies that a progressively larger share of global trade has been affected by trade distortions. Data from the Global Trade Alert database show that by 2017 more than 50% of exports from G20 countries were subject to harmful trade measures, up from 20% in 2009. Accordingly, trade growth has decelerated more sharply in those sectors in which extensive discriminatory measures have been adopted than in sectors that have benefited from trade liberalization.

Along with these developments, an important thing to note is that public support for trade openness has declined, while protectionism has increased globally. Perceptions of the risks associated with open trade have added to the broader list of concerns related to globalization. For example, free trade is sometimes believed to have made countries more vulnerable to international crises and spillovers from abroad. Given its distributional consequences, free trade is also considered to be a factor behind the rising inequality both within and across countries. However, the merits of free trade are also widely recognized. International trade allows countries to specialise in the production of goods in which they have a comparative advantage, while at the same time enabling consumers to enjoy a greater variety of consumption goods. Empirical studies have found that trade openness has led to higher income per capita across countries, spurring productivity growth and helping to reduce poverty globally. Nevertheless, the benefits of trade openness and their distribution across social groups vary between countries. Factors such as the nature of export specialization, the degree of production diversification and the quality of a country's institutions are found to be important pre-conditions for the benefits of trade openness to be fully realized. Some have also challenged the benefits of free trade by claiming that "unfair practices" have damaged domestic growth and job creation. Free Trade has also been criticized because some of the countries are putting non-tariff trade barriers, unfair trade practices and thereby protecting their markets at the same time their companies reaping the advantages of free trade and fair practices in other countries. Non tariff barriers and unfair trade practices of some of the countries have distorted the free trade and has led to increasing public support for protectionism.

Thus it is true, globalisation has been reset. Has it provided opportunities to India? For what—exports from India or investments in India? There are two aspects to it. In the backdrop of US-China trade tensions, it was thought that it will provide opportunities to India for exports in both directions – exports to China in respect of those products where tariffs were hiked by China on imports from US and similarly for exports to US in respect of those products where tariffs were hiked by US on imports from China. Products were identified for exports where India has a production capacity and was already exporting to other countries. But India had competition from other countries neighboring China for exports to the US as some of the products of China could be routed through these countries easily by passing the higher tariff by US for imports from China. Similarly, in case of exports to China for the products being imported from the US, there was competition from the rest of the world including Latin America, Europe and other countries. It is very difficult to start exporting a new product to China. There is a huge regulatory wall. So whether India is able to take advantage of these opportunities – the jury is still out on this.

Second part is the opportunities created because of the rest of the world's concerns against China in the backdrop of Covid. As has been pointed at many places, the multinational companies are acting on a China plus strategy. They do not want to have production centres located just in China. Even Chinese companies may also like to have their bases outside China for resilience of their businesses. Does India fit into their plans? Again we have competition from neighboring countries of China. They have those characteristics which may be of advantages to these MNCs vis-à-vis India.

For our own companies exporting to US or China, or foreign companies setting up their bases in India, we have competition from China neighboring countries. Our environment for our own companies and also for foreign companies has to be better than those China-neighboring countries in every respect. All factors of production – labour, cost of credit, cost of energy, logistics, regulatory costs, etc. have to be better than those countries.

It is heartening to note that the Government is trying in all these directions. India's WB Ease of Doing business rank has improved to 63 in 2019 among 190 nations from 142 in 2014. India's impressive progression in the Doing Business rankings over the past few years is a tremendous achievement, especially for an economy that is as large and complex as India's. Special focus given by the top leadership of the country, and the persistent efforts made to drive the business reforms agenda, not only at the central level but also at the state level, helped India make significant improvements. India's rank in the World Bank's Logistics Performance Index improved from 54 in 2014 to 44 in 2018.

Recently in July 2020, Government launched Production Linked Incentive Scheme for promotion of domestic manufacturing of critical Key Starting Materials (KSMs)/ Drug Intermediates (DIs) and Active Pharmaceutical Ingredients (APIs). Under the Scheme, financial incentives shall be given based on sales made by selected manufacturers for 41 products covering all the identified 53 APIs. Outlay of the scheme of Rs. 6,940 crore over the next 6 years. Eligibility shall be subject to threshold investment in green field projects. Similarly, the Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing notified on April 1, 2020 offers a production linked incentive to boost domestic manufacturing and attract large investments in mobile phone manufacturing and specified electronic components, including Assembly, Testing, Marking and Packaging (ATMP) units. The scheme would tremendously boost the electronics manufacturing landscape and establish India at the global level in the electronics sector. The scheme shall extend an incentive of 4% to 6% on incremental sales (over base year) of goods manufactured in India and covered under target segments, to eligible companies, for a period of five (5) years subsequent to the base year.

Here, SEZs can play an important role. Most important aspect of SEZs is that the country can do all experimentation in terms of providing world class infrastructure, best regulatory processes such as flexible labour policies, environment law, etc which sometimes due to different socio-political reasons and fiscal constraints may not be possible to provide in the entire country. In fact, Special Economic Zones have been playing the roles of engines of economic growth of the country and contributing approximately 1/3rd to the national export basket. I was told that exports from SEZs during 2019-20 was to the extent of Rs. 8 lakh crore – USD 112 billion, providing direct employment to more than 2.2 million people and attracted investment of Rs. 5,71,735 crore (USD 70 billion). Exports from SEZs in the first quarter of 2020-21 (April-June 2020) was Rs. 1,57,325 crore which is down by 28% as compared to the exports of Rs. 1,81,075 crore during the corresponding period of 2019-20. In the first quarter of 2020-21 software and services exports registered a positive growth of 5% by contributing Rs. 1,11,245 crore. However, merchandise exports show negative growth of 45% as compared to the corresponding period of 2019-20.

Though, Government of India provided certain relaxation and exemptions to SEZs during the lockdown period and further proposals are under consideration, EPCES has taken up a number of requests of its members with the government for consideration. After taking over as DG, EPCES, what I have started is creation of a google spreadsheet of issues of SEZ sector pending with different authorities which we have shared with the Department of Commerce as a ready-made To Do list for them to follow up. The status of different pending issues is updated regularly. Some of the major issues are: permission to sale in DTA on payment of duty waived off during import of raw materials, permission to do job work for DTA, continuation of MEIS Scheme, MEIS benefits to apparel and garment sector units, exemption from health cess of 5% on sale of medical product in DTA, exemption of GST on services rendered and consumed within the FTWZ, etc. We are regularly following up with the Government authorities. We have to discuss the Baba Kalyani report on SEZs as well with SEZ developers and SEZ units too.

I would also to share with the participants here that EPCES has also launched an online Contact EPCES services (https://www.epces.in/enquiry-form.php) whereby any unit or developer facing any difficulty or has any suggestions, he can at any time submit his query/suggestion and he will be given a reference number using which he can find out the status of the action taken on his query /suggestions. This has been done because tracking of emails is rather difficult.

Dr. L B Singhal said that he would like to address 3 question in the context to The Reset of Globalization and Rising India Opportunity i.e. Why should an investor whether Indian or foreigner invest in Indian SEZ? If in SEZ, why in India? In a post Covid situation what kind of opportunities do we have for encashing? Last year a world investment report was released by UNCTAD, that SEZ exists as a concept in 147 countries. There are 5400 SEZs operational around the world. Dr. Singhal said that the concept of SEZs in India came up in 1965. From less than 1 billion dollar in 2005 to more than 75 billion dollar employment today, from 145,000 people to around 2.2 million people directly working and indirect employment of almost three times the figure, the SEZ story has come a long way. GST has been implemented in the country. It is the only scheme in the country where ab initio exemption from IGST has been provided whether for import or for domestic procurement. 100 percent FDI is allowed through the automatic route. Single window mechanism approval will be given by the board in the Ministry of Commerce.

Shri Hitender Mehta moderated the session and also informed that presently, 240 SEZs are operational in India with an infrastructure development of 40,000 hectare land and availability of 22,000 hectare land for establishment of new units into SEZs. Indian SEZs provide direct employment to 2.2 million people and 3 times more is the indirect employment due to backward and forward integration. Most of the states in India have 'SEZs' for setting up of units in the manufacturing and service sector. The cost of manpower is relatively low as compared to other countries. Apart from various central incentives, Indian States also offer incentives for industrial projects. India's friendly foreign investment regulatory framework, availability of low cost labour and raw materials, make the SEZs a best case for global investors.

During the interactive session the distinguished panel of speakers also took questions from the participants. The webinar was attended by 340 representatives of industry who found the discussions very informative. The webinar can be viewed at the EPCES website www.epces.in ■

WEBINAR ON FUTURE PROSPECTS OF EOUs and SEZs

EPCES jointly with the World Trade Center conducted a webinar on the prospects of EOUs and SEZs under the present scenario on September 10, 2020.

L to R top row: Shri D.V. Swamy, IAS, Development Commissioner, CSEZ, Dr Bose Nair, Vice President, WTC and Shri Amitesh Singh, IRS, ADG, Bangalore Zone. **L to R bottm row:** Shri Shivadass G, Senior Advocate, Shri Alok Chaturvedi, Director General, EPCES

Shri Alok V. Chaturvedi, IAS (Retd), Director General, EPCES presented the context of organizing this session. He said that India should find this pandemic an opportunity to attract business and investments from all over the world. SEZs and EOUs are good vehicles to promote exports and supply to domestic markets. Rather than re-inventing wheels, units should strengthen the existing models. Shri Chaturvedi also moderated the discussions.

Shri D.V. Swamy, IAS, Development Commissioner, CSEZ in his address explained how the units should re-assess and identify their strengths. He opined that SEZs and EOUs should complement each other and demand other incentives apart from tax exemptions. Product complexity of units should also come up and meet international standards.

Shri Amitesh Singh, IRS, ADG, Bangalore Zone spoke on the role of his department in framing tax policies. He said that the Government is aware of the concerns and hardships faced by businesses due to the pandemic. Shri Singh commented that guidelines need to be sustainable and must support the industry.

Shri Shivadass G., Senior Advocate in his presentation brought out the latest benefits for EOUs and SEZs and explained the various schemes available for units. He discussed the 'Manufacture and Other Operations in Warehouse Regulations, 2019' and how units can take advantage of it. He opined that with the direct tax benefit gone, the EOU scheme has lost its sheen. Units should also introspect on their products and markets abroad. He urged the Government to bring in more clarity on tax benefits so that it will encourage companies to decide to move into SEZ areas.

Earlier Dr. Bose Nair, Vice President, WTC made the opening remarks. Senior officials from Cochin SEZ, Customs also participated in the webinar and answered the queries raised by the participants. Units from Kerala and Karnataka attended and their queries were clarified by the concerned speakers.

Shri Anand Giri, Deputy Director General, EPCES while proposing the vote of thanks stated that the Council was fortunate to have the presence of Shri Chaturvedi who has vast experience in handling EOU and SEZ issues both as Additional Secretary Commerce and as Director General of Foreign Trade. He further tendered his gratitude for Shri D V Swamy and Shri Amitesh Singh for guiding the participants on SEZs and Customs-related matters. He thanked Shri G Shivdass for giving a very informative presentation on Warehouse Regulations 2019. He also thanked Dr. Bose K. Nair, VP, WTC and other dignitaries and participants for making the webinar successful.

The participants were happy and found the webinar a great opportunity to clarify their queries regarding EOUs/SEZs directly from the officials. The webinar can be viewed at the EPCES website www.epces.in ■

WEBINAR ON FUTURE OF SEZs

EPCES in association with Moon SEZ Consultants Pvt. Ltd organized a webinar on September 11, 2020 on *Future of SEZs after 2020 and Post-COVID-19 scenario.* The webinar was attended by over 300 participants.

Shri Bhuvnesh Seth, Vice Chairman, EPCES while welcoming the participants said that given anti-China sentiments and the shift in the geo-political environment, doors of opportunities have opened up for Indian businesses. Going forward, the country has the potential to become the global supply chain hub. India, of course, needs to stand firm on its policies and stabilize them in order to attract large manufacturing companies into its shores. Sudden policy changes lead to confusion in the minds of investors.

The webinar took off with an introductory briefing from Shri Ashish Jhagarawat, Director & CEO, Moon Group of Companies. He spoke about the significance of the webinar and about the dignitaries present. He drew attention to the post-sunset date of 2020, and the immense challenges being faced by SEZs and EOUs in the aftermath of the COVID-19 pandemic.

During his opening remarks Shri Pravin Chandra, IRS, Joint Development Commissioner, Pune Cluster SEZ, mentioned that the COVID-19 has posed new challenges for all SEZ stakeholders. We will overcome these challenges in times to come. One of the positives of the pandemic has been that DC offices across India have started accepting all applications online and disposing them off online as well.

Shri Naveen Kushalappa, IRS, Joint Development Commissioner Cochin SEZ, said that even though there had been negative fallout of the pandemic we should be looking at the positives. This is a time and opportunity to attract various manufacturing companies into newer segments from across the globe with the help of a favorable policy environment. We should focus on greater employment generation, he said.

C.A. Ratan Moondra mentioned that COVID-19 has forever changed the way businesses and Government used to work. He reiterated that the Government should do everything in its power and ambit to make SEZs the most attractive investment destination. This should include ease of doing business with complete online applications and automatic approvals. He presented a comparative statement

about the journey of SEZs since their inception and highlighted that the majority of changes in SEZ law have been done during the period 2006 to 2010. Few changes to the law have, however, been made thereafter leaving quite a few issues that need redressal with a great deal of urgency.

Shri Jhagarawat moderated the Q&A session during which various issues such as working from home for SEZ units on a permanent basis or not, opportunities for defence companies in SEZs with offset obligations, why units should consider SEZ as an option for expansion beyond the sunset date of 31.3.2020, whether DTA sale of services should be allowed in INR (currently not allowed), came up for discussions.

He presented a comparison between SEZ/STPI/EOUs, opportunities available to unit holders, critical policy changes required to be made in SEZ policy on an urgent basis to capitalize on new opportunities that can make SEZ the most attractive destination for investment in India.

From the perspective of income tax benefit many advantages to investors are available under the SEZ policy for setting up new facilities, and those are applicable even

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September 16, 2020

Webinar with Private SEZ Developers under MEPZ-SEZ

LEFT: Shri Bhuvnesh Seth, Vice Chairman, EPCES addressing the participants.
RIGHT: Shri Alok Chaturvedi, Director General, ECPES

A Webinar with SEZ Developers under MEPZ SEZ was organized at 11.30 am on September 16, 2020 to discuss the issues of SEZ Developers.

Shri Alok Chaturvedi, Director General, EPCES, has said that the Council is in constant touch with senior Government officials in the Ministry of Commerce & Industry (MoC&I) and the Ministry of Finance (MoF) to resolve issues related to EOUs and SEZs. The recommendations of the Baba Kalyani Report are under active consideration of the MoC&I. Since they entail a large number of changes in SEZ Rules and Act, the process is elaborate and will take some time. Even the Department of Revenue (DoR) is involved with certain changes that have been recommended. Discussions have taken place with Shri Bhuvnesh Seth, Vice Chairman, EPCES, to have an all-India webinar on the Baba Kalyani Report recommendations.

Shri Bhuvnesh Seth, Vice Chairman EPCES, Shri DhineshVardharajan, Regional Chairman MEPZ SEZ, Shri S Anand, Regional Vice Chairman, MEPZ SEZ, Shri T.S. Krishnan, Partner, Grant Thornton along with over 25 SEZ Developers from the MEPZ SEZ were in attendance.

Earlier, initiating the webinar, Shri Anand Giri, DDG, EPCES welcomed all the participants and thanked them for sparing their valuable time to attend this webinar. He specifically thanked the National Vice Chairman, EPCES, Director General, EPCES, Regional Chairman MEPZ SEZ, Regional Vice Chairman MEPZ SEZ, and Partner Grant Thornton for attending the webinar.

Shri Chaturvedi added that it felt good to be back among the EOU/SEZ community one year after his retirement as Director General of Foreign Trade. The webinar, he said, was being conducted to listen to issues of private SEZ developers and units and convey them to the Government. Their issues are not heard out to the extent of those of the Government SEZs. He said issues related to supply from SEZ to DTA and job work for DTA are under consideration. Also, a high-level committee within the PMO has taken up the subject of equalization of levies—earlier the Department of Commerce (DoC) had provided calculations on this to the DoR.

He mentioned that Shri Seth had attended a webinar with the Hon'ble Union Minister for Commerce & Industry and issues of EOUs and SEZs were taken up during the meeting. It was submitted that as part of Atma Nirbhar Bharat, all imported items if manufactured in SEZ or EOU, and supplied in DTA, may be considered as exports. It will save foreign exchange as well. As regards payment in INR for supply of services from SEZ to DTA, this will require amendment in definition of services in SEZ Act. The DoR is seized of the matter and has shown concern because services are not physical in nature, and the method needs to be fool proof. Another issue taken

LEFT: Shri Sunil Rallan, Managing Director, J. Matadee FTZ Pvt. Ltd.
RIGHT: Shri Dhinesh Vardhrajan, Regional Chairman, EPCES MEPZ-SEZ

up by the DoC with the DoR is why foreign exchange needs to be purchased for making payment to SEZs for supply of services to DTA.

EPCES has taken up the issues like clarification on treating FTWZs as Multi-Sector FTWZ in the lines of SEZs so that they can undertake manufacturing activities in different sectors, MEIS benefits to FTWZs, coverage of EOUs/SEZs in the proposed RoDTEP Scheme, coverage of garments and apparels in RoSCTL. EPCES has issued a circular to its members for submitting sealing price of their product under RoDTEP and other details of taxes and duties which are not being refunded or zero rated at present, etc. Due to paucity of time, the EPCES has requested both the MoC&I and MoF to consider EOU/SEZs in the RoDTEP Scheme. A google spread-sheet has been prepared and shared with the Department of Commerce and CGC members wherein details of all the issues which EPCES taken up with the Government and their current status are provided. EPCES has also created a 'Contact EPCES' service wherein members may submit issues, complaints, suggestions, etc. It is available on the Council's website.

DG, EPCES mentioned that the Council has engaged M/s Grant Thornton as Consultant for replying to the queries of the members and for assisting in making submissions to the Government, analyzing amendment/changes in the EOU/SEZ policy and their impact on the EOU/SEZ sector. EPCES may get some studies conducted by the consultant for changes in the policy and procedure of EOUs and SEZ Scheme. The studies will be very specific, and not general. He mentioned that the EPCES will try to get an Ease of Doing Business ranking from SEZs as well as from DPIIT.

DG EPCES requested Vice Chairman EPCES to address the webinar. Shri Seth welcomed all the participants and stated that it is a good initiative by DG, EPCES for holding zone-wise interactions for dealing with issues being faced by members. He praised the initiative of online grievances link and pending issue spread-sheet. He informed that with lockdown norms getting relaxed, the EPCES has been making progress. He requested members to submit their issues and problems to the Council so that they can be taken up further with concerned ministries and departments. He assured members of better services.

Shri Vardharajan thanked DG, EPCES, for providing the updates and stated that we are fortunate to have an IAS Officer as Director General of EPCES.

Mr Krishnan said that Grant Thornton (GT) has a 200+ staff and is one of the world's topmost consulting firms. He has a 30-year experience of working with Government departments, and as a consultant. He mentioned that GT was happy to be associated with EPCES. He registered concerns on the current MEIS instructions of the DoC that is affecting trade and industry as a whole. Continuation of MEIS and fixation of the limit of INR 2 crore, non-operating registration portal, are among the issues that concern the EOU and SEZ community, he said.

Both Shri Seth and Shri Vardharajan expressed their appreciation on the engagement of Grant Thornton as Consultant to the EPCES with a hope that a larger number of queries will be addressed with greater speed and the Council will be able to make a substantial number of

Shri S. Anand, Vice Regional Chairman, ECPCES MEPZ-SEZ

representations before the Government.

Then the house was opened for general issues and queries.

Mr. Sunil Rallan, Managing Director, J Matade FTWZ and Member EPCES Central Governing Council submitted that apart from clarification on declaring FTWZs as Multi-Sector FTWZ, there are two other issues for consideration (1) due to the lockdown and restricted movement, there is a demand from unit to provide accommodation within the unit premises itself. We have to amend Rule 11(1) which says that the social or commercial infrastructure and other facilities are permitted to be used by both SEZ & DTA but no exemptions, concessions or drawback shall be admissible for creation of such infrastructure. The duty exemption availed on such infrastructure shall be refunded by the Developer. However as per Rule 11(2) if the social or commercial infrastructure is used only by SEZ entities shall be bonded and physically segregated from the DTA and this part of NPA shall be eligible for exemptions, concessions and drawback.

But there are SEZs where there is no NPA. There was Instruction No.95 issued in 2018 which permits such a facility within the premises of the SEZ unit with the approval of the UAC. Now the Developer has to create such a facility for the units but the current policy does not provide permission. So the developer has to be authorized to develop such a facility for the units. (2) Power guidelines issued over the years are moving from one inspector to the other. There are issues that the power may be generated by the SEZ unit for supply to other units and NFE conditions issues are also there. For that also Developer has to be authorized to provide such facility for ease of doing business, which the current policy is not providing. As per Electricity Act, if the Developer supplies power to a unit, it will be considered a sale. Secondly if the developer procures diesel then he has to pay excise duty because as per the rules SEZ Unit is allowed to procure diesel and then will charge in free currency. Likewise, there are a number of caveats. The policy should be clear on whether to allow or not to allow.

DG EPCES informed that EPCES will avail services of Grant Thornton and discuss with Mr Rallan and other Developers and come up with the formulation and proposal for changes in the SEZ Rules with regard to above two issues. They will also be taken up with the Government. No change is required in SEZ Act, only SEZ Rules are to be amended.

Shri Rallan further informed that the issue of Manufacturing Services has already been shared with the Director General for consideration. MEIS is a challenge whether with regard to limited fund or WTO restrictions and one can stretch up to a limited point of time and not beyond that. This Manufacturing Services concept is followed world over. We have to submit this issue for manufacturing of services and the service part of the manufacturer may be incentivized and will be WTO compliant and the Government can take decision on which product, which sector, which target market and how much subsidy Government can provide to a particular sector.

DG EPCES appreciated Mr Rallan for submitting this issue. A base paper on the issue may be submitted and EPCES will prepare a paper with the help of our Consultants on that.

Regional Chairman MEPZ SEZ raised the issue of bonded warehousing regulations under which foreign suppliers can sell in DTA through warehouses. EOUs, however, can sell after achieving positive NFE.

Mr Rallan added that Invest India and other schemes are just mentioning manufacturing and there is no mention of EOUs or SEZs. DG EPCES stated that DoC and EPCES have to look into it. However DG EPCES will get in touch with the DPIIT and submit a note on incentives/facilities available in EOU and SEZ Scheme to promote the concept of these two schemes.

Mrs. Bhargavi Natesan of SPR & Company submitted that (1) There are certain relaxations provided by the DOC to EOUs and SEZs in line with a notification of the Ministry of Corporate Affairs which extended the conduct of AGM up to 31.12.2020. One such relaxation of DoC was to extend the date of filing of APR. Normally the date of filing APR is 30th September but DoC has not extended this date further. It is suggested that EPCES may request DoC for extending the last date of filing of APR to 31.12.2020 in line with MCA. (2) There should be a level playing field for EOUs, SEZs, DTA with regard to manufacturing, whether it is MOOWR, Customs duty, collection of foreign exchanges, etc. So there are many sops which have to be provided for equalization (3) As regards manufacturing services, a lot of foreign manufacturing shops are selling here in India and they look at India as a manufacturing hub. So there is a huge amount of foreign exchange going out of India and coming back to India. By introducing manufacturing services, there will be a complete shift of trade and there will be a balance of trade in India which will boost the Indian economy and will also be WTO Compliant. (4) Lots of foreign investors are not looking for the benefits but they are looking at SEZs for their infrastructure. They want to come to SEZs but are holding back due to various compliances like NFE, etc. So we should think over it to allow them in SEZs without NFE and other conditions. This will increase the scale of the economy and economic activity and of course will increase exports.

DG EPCES thanked Mrs Natesan and requested that a note be sent on the above issue. DG will share Mr Rallan's note on this and then Mrs Bhargavi will submit a comprehensive note to EPCES on Manufacturing Services as well as on the above 4 issues. We have to see how this NFE condition is to be placed. For the extending date of filing APR, EPCES will write to DoC.

Mr Ramachandran of FOXCONN submitted that they have a manufacturing SEZ. The Government of India introduced Make in India which does not provide a level-playing field for the electronic sector, especially mobile phones. After Make in India, there is 15% or 20% of BCD on the finished goods so people are either de-notifying the existing set up or start importing it from Vietnam. So we should be given the same treatment or the benefit like NPA for manufacturing in SEZ. We have a 20% market in India but due to the 20% duty we are unable to sell in DTA and are first sending it to Vietnam and then exporting to India under FTA. So a methodology may be adopted wherein we need to pay only duty for the foregone part. Secondly, the de-notification process is really painful. Once the revenue is given NOC then there should be a fast track system for other NOCs like NOC from State Government, from DC, local revenue authorities have to come and survey the site then it goes to Delhi. Then it takes one month. Overall it takes 8-9 months to de-notify. It is suggested that after NOC from Revenue, an in-principle approval may be given so that other investors can come and start operations.

DG EPCES stated that DOC is mainly worried about NOC from DoR. EPCES may submit an in-principle NOC for denotification. DG EPCES requested M/s FOXCONN to submit a note on this to EPCES so that we can take it up with the DoR.

Ms Pavitra, representative of Eshansa IT Park & ZOHO Corporation Pvt Ltd, having a SEZ unit as well, submitted that (1) SEZ Act & Rules have a lot of interpretations and EPCES may think of a Ready Reckoner for decoding the SEZ Act & Rules. This will help us a lot and get clarification instead of going to concerned DC offices or other officials. (2) As per SEZ rules there is a 15 years tax holiday. First 5 years 100%, next 5 years 50% and the third phase unit has to reinvest 50% of the profit into plant and machinery. Being an IT Company, investment on plants and machinery is very insignificant. This provision could be relooked into so that IT companies could avail benefit of third phase of income tax exemption. DG EPCES informed us that we will try to have some kind of formulation on the above issues with the help of Grant Thornton and approach CBDT, through DoC, on this.

Mr Rallan submitted that the Government has granted extension of income tax returns up to September 2020 for the units that have received LOA approval before 31.3.2020. Still there are some units who could not become operational. Hence it is suggested that extension of income tax benefit may be provided up to 31.12.2020, for the unit who got approval before 31.3.2020. DG EPCES said the Council will take it up with DoC for further extension of IT benefit up to 31.12.2020.

Mr Parthasarthy of Cognizant said that extension of filing APR is required because of COVID, audit is not complete. Regional Chairman MEPZ stated that they are writing to DC MEPZ on this and if required DG EPCES will write to DoC.

The meeting concluded with a vote of thanks proposed by Mr. S. Anand, Regional Vice Chairman MEPZ SEZ. The webinar can be viewed at the EPCES website www.epces.in ■

MANIKANCHAN SEZ REVIEW MEETING

A stakeholders meeting was organized on September 16, 2020 at Manikanchan SEZ for the Gems and Jewelry sector. Five operational SEZs and the developer were present at the meeting that was jointly organized by Manikanchan SEZ and EPCES to understand the bottlenecks and the current issues faced by the sector.

Meeting in progress

The meeting was convened by Deputy Development Commissioner Shri Anjania, Assistant Development Commissioner, Shri Suvranil Bhattacharya, and Regional Director EPCES - ER & NER, Dr Sabyasachi Ghosh.

During the meeting DDC took an update and evaluated the current status of the exporters and problems faced during the pandemic following which the unit-holders were asked to highlight their issues. The issues raised are appended.

1. The logistics for export charges have drastically increased.
2. The freight charges have been overwhelmingly high in comparison to the charges claimed in the other states of India. Upon pursuing the matter with the logistics company it has been found that due to the current scenario the same is in effect. Units have requested that if a relaxation can be given and a request may be forwarded to AITA for harmonization of tariffs on freight charges it will be highly beneficial.
3. Most of the units have clientele in the USA. As the direct flights to the USA have been reduced and all flights are going via Mumbai, Hyderabad and other international airports due to which the industries are facing tough competition with respect to the pricing.
4. The gold sector has been deprived of policy benefits. Also the 80:20 ratio on gold purchase directly only through nominated agencies had still been a bottleneck highlighted by one of the exporters. There are hardly any or no benefits left for the industry to survive in SEZ. The industry supports a huge number of artisans and has the capacity to generate a large employment. Multiple representations have been made through GJEPC but matters have not been acknowledged. The units requested if representations can go to the government for providing a suitable policy change for the benefit of the sector. The units also urged the government to come up with a suitable relaxation and requested that due to few miscreants the entire industry should not be looked down upon.
5. With respect to Manikanchan SEZ and the WBIDC the issue was raised regarding the long-standing non-execution of sub-leased deeds that still stands unresolved. The Regional Director and ADC jointly explained and updated DDC that WBIDC has not

EPCES welcomes full-time Director General

We have pleasure to inform our members that Shri Alok Vardhan Chaturvedi, a 1986 batch officer of Indian Administrative Service (IAS) who retired as Director General of Foreign Trade in the rank of Secretary, has taken over as Director General of EPCES from August 2020.

Shri Chaturvedi has a MBA degree from the University of Birmingham, UK, and a B. Tech from IIT Kanpur. He retired as Director General of Foreign Trade after serving the Government of India in various capacities viz. Director General of Foreign Trade, Additional Secretary, Department of Commerce in the Ministry of Commerce & Industry, Joint Secretary in Cabinet Secretariat, Secretary (Expenditure) Government of Bihar and Managing Director of Bihar State Electronics Development Corporation, Bihar State Industrial Development Authority and Bihar State Infrastructure Development Corporation.

Shri Chaturvedi has specialization in Finance, Law, Management, Sales, Marketing, Research, Corporate Governance, Technical Operational and full knowledge of working of Export Oriented Units (EOUs) and Special Economic Zones (SEZs) during his tenure as DGFT and Additional Secretary EOU/SEZ in the Ministry of Commerce & Industry.

His taking over as Director General of EPCES will definitely prove a boon for the EOU/SEZ community especially at this critical juncture when there are several pre and post-COVID issues hampering growth of EOU/SEZ sector which has been contributing 1/3rd of the total national exports.

Since Shri Chaturvedi has served in the Ministry of Commerce & Industry and handled EOUs/SEZs in the Ministry as Additional Secretary and as DGFT, he is very well aware of the problems being faced by EOUs/SEZs and understands the current and post-COVID impact on this sector. Being DGFT/Additional Secretary, he was also a member of the Board of Approvals which is a nodal platform to provide all the required permissions/approvals to EOUs and SEZs since establishment to exit. Shri Chaturvedi also served in the various committees of the Government of India and contributed significantly to the growth of Indian industry.

R to L: Shri Bhuvnesh Seth, Vice Chairman, EPCES, Shri Alok Chaturvedi, Director General, EPCES, and Shri Vilas Gupta, Regional Chairman EPCES Noida SEZ

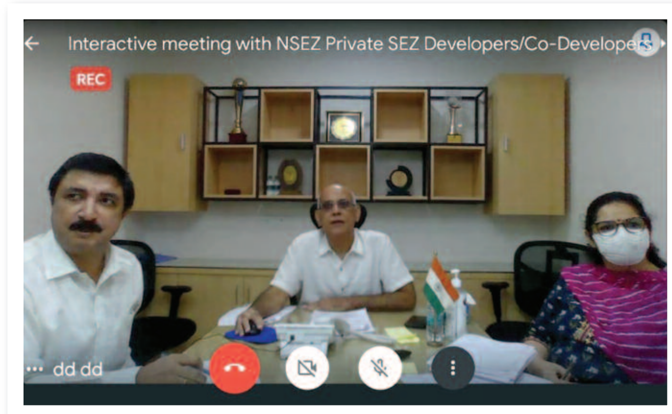
We are confident that with Shri Chaturvedi taking over as Director General EPCES, it will definitely help EOUs, SEZ units and SEZ developers to overcome difficulties consequent to the pandemic outbreak and help smoothen the functioning of EPCES.

been justifying the grievance highlighting the departmental issue of the state Government. It was requested to the DDC that a follow-up letter may be sent from the SEZs end to WBIDC for an explanation regarding the same and the Development Commissioner may be asked to intervene in the said matter.

6. It is also felt that the West Bengal Government should consider the SEZ regime and promote the same for the benefit of the industry at this hour of economic meltdown. At the SEZ maintained by WBIDC Manikanchan setting up charges are exorbitantly high compared to the state-owned jewelry manufacturing hub or in the DTA. Due to this new units cannot afford to open and come forward for the SEZ scheme even though the SEZ is located at very close proximity to the airport.

Dr. Sabyasachi Ghosh informed the units summing up that the Government has called for the constitution of a special group that will include both Customs and banking officials, to resolve issues faced by the industry. In a virtual review meeting, Finance Minister Nirmala Sitharaman called for the formation of a special group to resolve all issues related to the gems and jewelry sector. He also added that the council is hopeful that the market will recover soon as exports to the US, Europe and China have already commenced. The various issues represented already to the government are the reduction of polished import duty to 2.5 percent from the current 7.5 percent, clarification on Online Equalisation Levy for B2B International Diamond Auctions, Reverse Job work in SEZ, GST related concerns, among others. The Reverse Job work in SEZ is not allowed currently. However, representations have been sought from exporters in this regard and are to be submitted to Shri Alok Vardhan Chaturvedi (retd. IAS), DG EPCES, for taking up with the appropriate authorities. The meeting ended with a vote of thanks. ■

Webinar with Private SEZ Developers under NSEZ



LEFT: Shri Bhuvnesh Seth, Vice Chairman, EPCES. **RIGHT:** Shri Alok Chaturvedi, Director General, ECPES (Centre), Shri Anand Giri, Dy. Director General (left) and Smt. Anjali Malik, Dy. Director

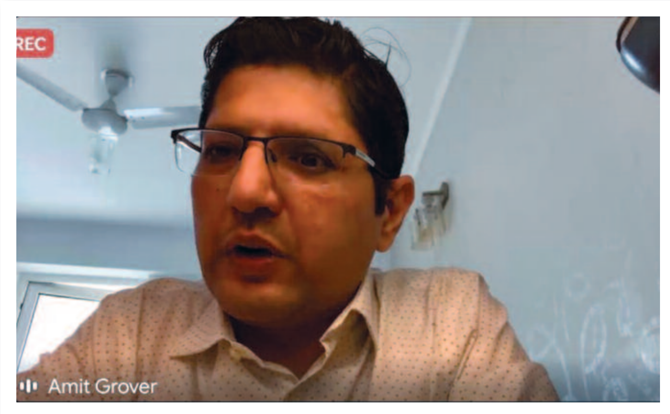
Shri Alok Vardhan Chaturvedi, Director General, EPCES, mentioned that he is in constant touch with the Ministries of Commerce and Industry, and Finance and has been regularly taking up issues faced by the EOUs and SEZs including their status and export conditions. The EPCES, Shri Chaturvedi said, will be organizing an all-India webinar on the recommendations of the Baba Kalyani Committee. He said that he along with the Vice Chairman, EPCES attended a webinar that was chaired by the Union Minister for Commerce and Industry, Shri Piyush Goyal, in which issues related to EOUs and SEZs were raised. One of the issues was that all imported items if manufactured in the SEZ or EOU area and were supplied in DTA should be considered as exports. When it comes to payment in INR for supply of services from SEZ to DTA, an amendment in the definition of services in the SEZ Act is required. Issues on treating FTWZs as multi-sector FTWZs such that SEZs can undertake manufacturing in different sectors, MEIS benefits to FTWZs, coverage of EOUs and SEZs in the proposed RoDTEP scheme, coverage of garments and apparels in RoSCTL, were raised. The DG was addressing a webinar with private SEZ developers in the Noida SEZ on September 23, 2020.

The DG mentioned that the EPCES had issued a circular to its members for submitting the selling price of their product under RoDTEP, apart from details of taxes and duties that are not being refunded or are zero-rated at present. It has also been requested by both the Ministries of C&I and Finance to consider EOUs and SEZs in the RoDTEP scheme. A google spreadsheet is being prepared and shared with the Department of Commerce and CGC members wherein all details of issues that EPCES has raised with the Government are available. He said that the services of consulting firm Grant Thorton had been engaged for responding to queries of the members and for assisting them in making submissions to the Government.

In his welcome address Shri Bhuvnesh Seth, Vice Chairman, EPCES, said that the webinar was a good initiative for holding zone-wise interactions with the industry. He reiterated that the EPCES had taken up various issues received from the SEZ developers with the Minister and senior officials of the Government from time to time. The EPCES has now introduced a portal highlighting pending issues and their status.

Earlier, initiating the webinar, Shri Anand Giri, Deputy Director General, EPCES welcomed all the participants and thanked the EPCES brass for sparing their valuable time. In particular he thanked the National Vice Chairman, EPCES, Director General, EPCES, Members of Central and Regional Governing Council, Regional Vice Chairman, NSEZ and Grant Thornton for attending the webinar.

Shri Srikanth Badiga, Director Phoenix Infocity SEZ and



LEFT: Shri Amit Grover, Director Finance, DLF Ltd.
RIGHT: Shri Srikant Badiga, Director, Phoenix Group

Member CGC, while admitting that the current situation is tricky put forward a couple of points. First he said that along with ease of doing business, cost of doing business is also very important. We have to showcase our policy globally to compare India with the other countries. FTAs may be closed. EPCES may submit to the Government that we should have only one export policy and act. It will help the investors in making focused decisions.

Shri Krishan Arora, Partner, Grant Thornton, said that they are happy to serve EPCES as consultants. We have served EPCES earlier as well. Shri Arora said that they will be deputing zone-wise representatives from Grant Thornton for replying to the queries on zonal whatsapp groups, and emails as well. Shri Praveen Kashyap, also from Grant Thornton, said he had an experience of over 10 years in dealing with EOU and SEZ issues. He seconded the views of Shri Badiga and suggested that there should be regulatory relaxations, an issue that should be taken up promptly with the Government of India.

Shri Amit Grover, Director DLF and CGC member, submitted that in the COVID situation, they are facing problems that did not exist earlier. Some units, he said, were taking undue advantage of the situation by conducting business by working from home and not paying rentals to the developer for the past 4-5 months. Even though we are seeking possession back from the units, there is no clarity in the SEZ policy for getting them back. A solution needs to be worked out. Secondly, with the sunset clause imposed w.e.f. 31.3.2020, investors, mostly IT firms, are going to non-SEZ areas. He requested that SEZs which are notified and not operational may be provided the benefit of income tax exemption.

To this DG, EPCES said that insofar as DLF's point of exit of units and non-payment of rentals is concerned, the matter has been shared with the Additional Secretary Commerce. SEZ Rule 17 needs amendment. Regarding recovery of incentives availed or rentals paid, EPCES will take up this issue with the Department of Commerce.

Shri Suresh Shenoy from Infosys submitted that (i) billing and payment in INR for services rendered by SEZ to DTA would require an amendment in the definition of services (ii) endorsement of invoices should be from the date of receipt of invoice and not date of issue of invoice, and this needs clarification. There is no such condition in SEZ rule 19. Only Chandigarh SEZ is facing this problem.

DG EPCES assured that the EPCES will take up this matter. He added that the DoC has set up a committee for upgradation of SEZ online system. EPCES has written a letter to the DoC welcoming the initiative. Regarding extension of work from home condition, it was informed that it is already extended up to 31.12.2020.

Shri S.K. Gupta of Artha Infratech SEZ, spoke on (i) billing and payment in INR for services rendered by SEZ to DTA (ii) implementation of recommendations of the Baba Kalyani Report. At least recommendations which need small amendments in the SEZ rules only may be implemented (iii) There is a problem on leasing of space by the unit due to instruction for work from home. Units are working from home and not paying the rentals or surrendering the space. There should be a time limit for WFH for resolving this problem (iii) The unit further submitted that income tax sunset clause for SEZ units may be further extended to operationalize the remaining SEZs.

DG EPCES noted the points and stated that EPCES will take up the issue of billing and payment in INR for sale of services by SEZ to DTA and issue of extension of sunset clause for SEZ units. For the other state

Government issues, the stakeholders were requested to write to EPCES so that EPCES could represent and follow up with the department.

Shri Badiga suggested that IT units are working from home and there is no loss of business in the IT companies. Yet they are not paying the lease rent to the developer. EPCES may suggest a remedy to the Government on this issue.

DG EPCES advised Grant Thornton to develop a proposal on this issue.

Shri Kashyap of GT informed that this issue was taken up time and again and there is no harm in representing it again by EPCES.

Shri Amul Gupta of Brookfield SEZ sought clarification on whether instructions for waiver of rent are for Government SEZs, and not for private SEZs. DG EPCES clarified that the instructions are for Government SEZs.

Shri Adesh S. of TCS made submissions on (i) restriction on export of robotic application as per SCOMET list of export of goods and services (ii) extension of SEIS facility (iii) once softex is approved by STP and SEZ authorities online then exporter should only provide realization data to AD bank for closure in EDPMS (iv) reverse charge liability for exporter of services be allowed to be paid through input tax credit with appropriate mechanism to re-credit the same under input tax credit ledger. Amendment in Section 49 (4) of CGST to include payment under reverse charge and a notification may be issued to restrict such facility only for exporter having substantial export turnover (v) issuance of APR for various direct subsidiaries and ODI certificate should be allowed by external CA (vi) some SEZ/STP authorities are demanding contract copies to the extent of 5% of total monthly business volume. TCS has offshore invoicing quantum per month up to 8,000 to 10,000 per branch where 5% comes to around 500 which is practically not possible. The submission of contracts and invoices should not be more than 50 to 100. There should be uniform practice across all SEZ/STPs.

DG EPCES stated that IT companies like TCS, Infosys, Wipro, etc. with multiple locations have specific problems. If TCS or Infosys could provide specific write-ups on these issues, EPCES will take them up with the DGFT and the Department of Commerce.

Representatives of Brookfield Properties submitted that (i) allow creation of smoking zones inside the campus and allow sale of cigarettes within the zone (ii) allow serving of alcohol for banqueting functions by taking day license (iii) allow salons in retail.

DG EPCES stated that EPCES will take it up with the Department of Commerce and SEZ authorities. He also mentioned that he had already forwarded all these issues to Additional Secretary Commerce.

Representatives of TCS submitted that due to COVID, units are working from home and all the assets had been moved to the employees' houses. We want to sell our desktops and want to give laptops to employees. All these assets are 5-year-old items and there is no customs duty. However, as per Customs notification only 70% duty exemption is allowed and we have to pay 30% duty.

DG EPCES stated that they are being allowed in some places, and not all. EPCES will take up this issue with the Department of Commerce and if these are more than 5-year-old, then there should not be any Customs duty. Mumbai and Kolkata, in particular, are facing this problem. EPCES invited write-ups on this.

Shri Badiga suggested that sunset for approved SEZ developers is applicable from 31.3.2017. A clarification is required from the Department of Revenue to file our returns. EPCES may look into this.

Since no further issues were raised by any of the participants, the meeting ended with a vote of thanks by Shri Jagdish Lavania, Regional Vice Chairman, EPCES NSEZ. Shri Lavania thanked all the participants and Vice Chairman and DG EPCES for listening to the issues and taking up the issues of SEZ developers with the Government.

In all, over 25 SEZ developers operating under the jurisdiction of the NOIDA SEZ attended the webinar. ■

FUTURE OF SEZs

Contd. from page 15

after the sunset date of 31.03.2020. It was also agreed upon that SEZ rules and regulations require a complete overhaul given the changing nature of business in the aftermath of the pandemic. EPCES which has a new DG in Shri Alok Vardhan Chaturvedi can play a vital role in fast-tracking these changes given his previous experience as DGFT as well as Additional Secretary, Ministry of Commerce.

The webinar was sponsored by Yotta Infrastructure Solutions LLP (Integrated Data Center Parks, A Hiranandani Group company). It concluded with a vote of thanks. The webinar can be viewed at the EPCES website www.epces.in ■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September 27, 2020

EPCES—ICAI SIGN MoU

L to R: Shri Alok Chaturvedi, Director General, EPCES, Shri Bhuvnesh Seth, Vice Chairman, EPCES, Shri Atul Gupta, President ICAI, Shri Hansraj Chug, Chairman, Committee for Development of Intl. Trade, Services and WTO and Shri Anand Giri, Deputy Director General, EPCES

The EPCES and the Institute of Chartered Accountants of India (ICAI) entered into a MoU on September 27, 2020 for promotion of exports of accounting, auditing and book-keeping services from SEZs and EOUs. The MoU was signed during the inaugural session on Promoting Accounting & Finance Services Globally by Shri Bhuvnesh Seth, Vice Chairman, EPCES and CA Shri Atul Gupta, President, ICAI in the presence of Shri Alok Chaturvedi, DG, EPCES, and Shri Hans Raj Chugh, Chairman of the Committee for Development of International Trade, Services & WTO.

Speaking on the occasion Shri Seth mentioned that SEZs and EOUs contribute one-third of exports from India covering many sectors and services. There are about 240 operational SEZs with over 5500 operating units and about 2000 EOUs. With the global presence of ICAI and technical expertise of its members, this MOU will be mutually beneficial for the members of the EPCES and ICAI and will help in export of accountancy services from SEZs and EOUs.

Shri Gupta said that the ICAI has a global footprint with 36 chapters and presence in 53 cities of the world. The members are in decision-making positions as CEOs and CFOs and help their organizations in their global investment decisions. Through this MoU we can tap their knowledge of best practices and facilities in our SEZs and EOUs to increase investment in India and export of CA services from India.

Shri Chaturvedi, on his part, stated that the services sector is a key driver of India's economic growth. It contributes 55 per cent to India's Gross Value Added. Export of services stood at US$ 214.14 billion while imports clocked US$ 131.41 billion in FY20 thereby creating a surplus of US$ 83 billion. Services contribute 50% of FDI, 30% of exports, 20% of imports and 28% of employment. India's share in world service exports has increased from 1.1% in 2000 to about 3.5% today. Its ranking has increased from 11th in 2009 to 8th at present. Export of services from SEZs was about US$ 64 billion which is again about 30% of the total services exports. He specifically mentioned about the GIFT city in Gandhinagar which is being

LEFT: Shri Alok Chaturvedi, Director General, EPCES and Shri Bhuvnesh Seth, Vice Chairman EPCES addressing the participants.
RIGHT: Shri Bhuvnesh Seth, Vice Chairman, EPCES and Shri Atul Gupta, President, ICAI during the signing ceremony of MoU

developed as a world class multi-services SEZ. At present export of financial and accountancy services, even though on the rise, is miniscule at just 3% of total services exports. From SEZs, there was an export of accounting services worth US$ 680 million. However, there is a huge global market of US$ 574 billion which needs to be exploited by India. In this context this MoU will enable both the institutions to identify India's key strengths in terms of availability of skilled accountants and workforce, latest accounting and finance software, low cost of labor and high security to the clients and make a focused approach in taking advantage of global opportunities.

The main objectives of the MOU are:

i. Organizing events by both institutions for better visibility and networking amongst the members with an objective to facilitate non-commercial activity between members of both institutions;
ii. Jointly participating in international events for the benefit of the members;
iii. Jointly entering trade delegations to various countries for wider reach and awareness about the EOUs & SEZs in India;
iv. Jointly making efforts to rope in international investors into Indian SEZs & EOUs;
v. Joint representations to various Government authorities and follow up to ensure that the authorities take action as per the representation;
vi. To organize studies and knowledge papers with inputs and research based on feedback from members;
vii. Sharing procurement related information amongst members for optimum cost and savings;

Jointly releasing informative documents and statements to the media on developments like budgets of Government of India, states and industry specific developments. ■

EPCES engages Grant Thornton

We are happy to inform that M/s Grant Thornton Bharat LLP *(formerly known as Grant Thornton India LLP)* have been appointed Consultants for Export Promotion Council for EOUs and SEZs (EPCES) for Indirect Tax Advisory on issues/queries related to GST/SEZ Act & Rules/EOU/FTP/Customs, etc.

Grant Thornton Bharat LLP shall ensure that queries raised by the Council or its members, through mail/WhatsApp, are addressed in a timely manner, thereby taking them to a fruitful conclusion. They will also update the Council and its members about the relevant legislative updates/amendments impacting businesses of SEZs and EOUs and also conduct virtual sessions/ seminars relevant to the operations of SEZs and EOUs.

To streamline the redressal process EPCES has created a specific email, i.e. **query@epces.in** where members can post their relevant queries for timely response. Members should preferably raise their queries through this email.

Also, for ease of operation, M/s Grant Thornton Bharat LLP will work with dedicated teams of EPCES members zone-wise. They have been made part of the EPCES WhatsApp groups for replying to small queries quickly.

However, members have been informed that the detailed query should be raised through the above mentioned email only. The members are required to mention their respective zone, unit name and contact details while submitting the query.

Replika Press Pvt. Ltd. installs India's first VarioPrint i300 from Canon

Replika Press, one of the top integrated printing presses of India which prints and delivers millions of books worldwide.

Replika Press with ISO 9001: 2015, ISO 14001: 2015, FSC, SMETA/Prelims, BSCI and SEDEX accreditation is spread out in an area of 656.000 sq. ft. in three swanky units in Export Promotion Industrial Park (EPIP), Kundli, Sonepat Haryana at National Capital Regional of Delhi.

Replika Press has carved out several enriching milestones in over four decades and the credit of the growth and success is the direct outcome of Replika team's absolute dedication, professionalism and irreproachable integrity, thereby enabling it to provide printing services across international borders and geographies.

Sonepat-based Replika has recently installed the VarioPrint i300, a B3 sheetfed inkjet colour digital printer and thus becoming first Indian company to invest in the machine which offers inkjet technology solution in book printing from Canon.

Replika Press is one of the country's reputed and leading print service providers, specializing in book printing, high-end commercial print production, digital printing and in packaging.

Bhuvnesh Seth, Managing Director, Replika Press, said, "We have always invested in future-ready technologies and solutions, and for us and our customers, the future is digital inkjet."

He added that the VarioPrint i300 will give the company added ability to enhance its book printing offerings and will also enable it to explore new markets.

"The solution is well-equipped to meet the advancing pre-requisites of publishers, empowering higher and faster production volumes on majority of offset stock as well as uncoated media, without compromising on quality. We have always trusted Canon as our technology partner to bring such cutting-edge solutions for our customers and our association with Canon India for almost a decade is a testimony to our faith," he added.

Canon VarioPrint i300 is capable of printing full colour B3 size sheets with near-offset quality on both uncoated and offset coated papers. With this facility, a printer can increase productivity by printing more than four to six-million A4 images per month and witness uptime of more than 90 percent. Its unique aqueous-based inks produce sharp and vivid print quality that surpasses any other inkjet system in this space.

L to R: Shri Sanandan Seth (Director, Replika Press), Shri Bhuvnesh Seth (Managing Director, Replika Press), Shri Puneet Datta (Senior Director, Canon India) and Shri Vikaran Seth (Director, Replika Press)

PuneetDatta, Senior Director, Canon India said, "Replika Press has been one of our trusted partners in the country having multiple digital printing solutions installed. We are proud to say that Replika depends 100 percent on Canon for all its digital printing requirements."

He added that as pioneers of inkjet technology, Canon has fostered the growth of the printing industry by offering innovative solutions across the globe. "Bolstering our footprints in India, our first installation of VarioPrint i300 is a testament of our commitment to delighting our customers and is extremely strategic to us for our growth in printing segment," he added.

Datta said the VarioPrint i300 series has by now become the benchmark within this category for the whole industry with more than 250 installations globally and users are so impressed with the technology that more than 20% of the customer base has invested in an additional device.

"Customers can get a good return on investment by shifting more of their offset volumes to sheetfed inkjet printing solutions, benefiting from reduced wastage and shorter time to produce and ship. The VarioPrint i300 series is helping customers change the economics of digital print production by transforming blank sheets into growth of revenues and profits," he concluded. ■

September 29, 2020

EPCES' 17th AGM

LEFT: (L to R) Shri Alok Chaturvedi, Director General, EPCES, Shri Bhuvnesh Seth, Vice Chairman, EPCES and Shri Vilas Gupta, Regional Chairman EPCES Noida SEZ. **RIGHT:** A view of the participants

EPCES held its 17th Annual General Meeting over video conferencing on September 29, 2020 to approve and adopt the Annual Report, Audited Accounts and Balance Sheet for the year 2019-2020, and appointment of Statutory Auditor for the year 2020-2021. It was decided at the meeting that the AR for 2019-2020 would be sent out electronically to all eligible members.

Earlier, on September 1, 2020, the EPCES's Central Governing Council (CGC) had fixed the date of the AGM. Present during the AGM at the Council's head office in New Delhi were Shri Bhuvnesh Seth, Vice Chairman, EPCES, Shri Alok Chaturvedi, Director General, EPCES and Shri Vilas Gupta, Regional Chairman, EPCES-NSEZ.

Shri Seth expressed his sincere gratitude for receiving full cooperation during his tenure as Vice Chairman in 2019-2020 from members of EOUs, SEZ units, SEZ Developers, members of the CGC, Regional Chairmen, and all others concerned. He thanked Shri Piyush Goyal, Union Minister for Commerce & Industry, Dr Anup Wadhawan, Secretary (Commerce), Shri B. B. Swain, Special Secretary (Commerce), Shri S. Kishore, Additional Secretary Commerce, all the Development Commissioners and senior officers of CBIC, CBDT, DGFT and RBI for providing guidance and assistance to EPCES for resolving issues concerning EOUs and SEZs.

He spoke about the activities undertaken by EPCES after he took charge as Vice Chairman of EPCES in July 2019. Among them were a series of seminars, open houses and panel discussions organized across India by the EPCES head office as well as regional offices to resolve issues and problems faced by EOUs and SEZs. EPCES also represented the issues and challenges faced by the EOUs and SEZs at various platforms both at central and state levels.

For promotion of exports and investment in Indian SEZs a two-day international conference was organized in association with the World Free Zones Organization in which delegates and participants attended from all over the world. Senior Government officials from the Ministry of Commerce, Ministry of Finance, Development Commissioners and others also participated and spoke on Indian SEZs and India's SEZ Scheme.

EPCES also organized Export Awards in coordinated functions with Development Commissioners to recognize EOUs and SEZs for their excellent export performance in the year 2016-17 and 2017-18 in MEPZ-SEZ, Noida SEZ, Cochin SEZ and Falta SEZ.

He informed the participants that Shri Chaturvedi, after retiring as Director General of Foreign Trade (DGFT), Ministry of Commerce & Industry, had taken over the charge of Director General of ECPES. He was confident that the DG's able guidance EPCES would be able to resolve the issues of EOUs and SEZs and increase exports from India.

Shri Chaturvedi welcomed the participating CGC and EPCES members and said that after joining the Council he had busied himself in obtaining feedback from EOUs,

Contd. on page 31

New TCS Provisions on Sale of Goods under Section 206C(1H)

From October 1, 2020, our Government has introduced a new provision for collecting TCS for the sale of goods and depositing the same to the Government. These provisions are given in Section 206C (1H) of the Income Tax Act.

The CBDT has also issued a circular No. 17 in this regard on 29 September 2020, which will help in understanding this provision practically. Subsequently a press release dated 30 September 2020 also came from CBDT which also help us in understanding this provision which is mentioned in section 206C(1H) of Income Tax Act, 1961.The same reproduced below to help members understand the New provisions.

Government of India
Department of Revenue
Ministry of Finance
Central Board of Direct Taxes

New Delhi, 30th September, 2020

PRESS RELEASE

Clarification on doubts arising on account of new TCS provisions

There are reports in certain sections of media wherein certain doubts have been raised regarding the applicability of the provisions relating to Tax Collection at Source (TCS) on certain goods introduced vide Finance Act, 2020. This press note is being issued to clarify those doubts about the applicability of these provisions.

Finance Act, 2020 amended provisions relating to TCS with effect from 1st October, 2020 to provide that seller of goods shall collect tax @ 0.1 per cent (0.075% up to 31.03.2021) if the receipt of sale consideration from a buyer exceeds Rs. 50 lakh in the financial year. Further, to reduce the compliance burden, it has been provided that a seller would be required to collect tax only if his turnover exceeds Rs. 10 crore in the last financial year. Moreover, the export of goods has also been exempted from the applicability of these provisions.

It has been reported in the media that TCS has been made applicable to the amount received before 1st October, 2020. It is clarified that this report is not correct. In this connection, it may be noted that this TCS shall be applicable only on the amount received on or after 1st October, 2020. For example, a seller who has received Rs. 1 crore before 1st October, 2020 from a particular buyer and receives Rs. 5 lakh after 1st October, 2020 would be required to collect tax on Rs. 5 lakh only and not on Rs. 55 lakh [i.e Rs.1.05 crore - Rs. 50 lakh (threshold)] by including the amount received before 1st October, 2020.

It has also been reported in certain section of the media that every transaction will attract this TCS. This report is not correct. It may be noted that this TCS applies only in cases where receipt of sale consideration exceeds Rs. 50 lakh in a financial year. As the threshold is based on the yearly receipt, it may be noted that only for the purpose of calculation of this threshold of Rs. 50 lakh, the receipt from the beginning of the financial year i.e. from 1st April, 2020 shall be taken into account. For example, in the above illustration, the seller has to collect tax on receipt of Rs. 5 lakh after 1st October, 2020 because the receipts from 1st April, 2020 i.e. Rs. 1.05 crore exceeded the specified threshold of Rs. 50 lakh.

Further, the seller in most of the cases maintains running account of the buyer in which payments are generally not linked with a particular sale invoice. Therefore, in order to simplify and ease the compliance of the collector, it may be noted that this TCS provision shall be applicable on the amount of all sale consideration received on or after

1st October, 2020 without making any adjustment for the amount received in respect of sales made before 1st October, 2020. Mandating the collector to identify and exclude the amount in respect of sales made up to 30th September, 2020 from the amount received on or after the 1st of October, 2020 would have resulted into undue compliance burden for the collector and also litigation.

It has been reported in certain section of the media that this TCS is an additional tax. This is obviously not correct. In this regard, it may be noted that TCS is not an additional tax but is in the nature of advance income-tax/TDS for which the buyer would get the credit against his actual income tax liability and if the amount of TCS is more than his tax liability, the buyer would be entitled for refund of the excess amount along with interest.

It may also be noted that this TCS shall be applicable only on the receipt exceeding Rs. 50 lakh by a seller from a particular buyer. Therefore, on payment of Rs. 1 crore made by a buyer to a particular seller only Rs.5,000 (Rs. 3,750 this year) i.e. [0.1% of (Rs. 1 crore - Rs. 50 lakh)] shall be collected. Hence, in case of a person making payment of Rs.1 crore each to 10 different sellers, the total tax collected shall be only Rs.50,000 (Rs. 37,500 this year) i.e 10 x [0.1% of (Rs. 1 crore- Rs. 50 lakh)] on the total payment made for purchase of Rs. 10 crore to ten different sellers.

Assuming a net profit of 8% on sales, his business income in respect of this payment of Rs. 10 crore made for purchase would be around Rs. 87 lakh. The income-tax liability on the income of Rs. 87 lakh for an individual in the new taxation regime would be around Rs. 27 lakh. Hence, the amount of TCS collected i.e. Rs.50,000 (Rs. 37,500 this year) would be a miniscule part of his actual tax liability and would be easily adjusted against his tax liability. In a rare case, if his tax liability is less than even Rs.50,000 (Rs. 37,500 this year), he shall be entitled for refund of excess TCS with interest.

It has also been reported in certain section of media that every seller will have to collect TCS. This is also not correct. In this context, it may be noted that in order to reduce the compliance burden, this TCS is made applicable to only those sellers whose business turnover exceeds Rs. 10 crore. In other words, those having turnover of less than Rs. 10 crore will not be required to collect TCS. There are only around 3.5 lakh persons who have disclosed business turnover of more than Rs. 10 crore in FY 2018-19. There are around 18 lakh entities which already deal with TDS/TCS. Therefore, this TCS collection under these new provisions would be required to be made by persons who, in most of the cases, would already be complying with the other provisions of TDS/TCS.

(Surabhi Ahluwalia)
Commissioner of Income Tax
(Media & Technical Policy)
Official Spokesperson, CBDT

EPCES' 17th AGM

Contd. from page 29

SEZ units and SEZ developers. A number of the issues had already been taken up with Government agencies.

He said he is in regular touch with senior Government officials for updates on the issues. Details of the activities undertaken by EPCES are covered in the Annual Report of 2019-2020. DG, EPCES assured his fullest contribution for the cause of the EOU/SEZ community and requested all the members for the same. The members, in turn, were delighted to hear that Shri Chaturvedi had accepted the position of Director General. Welcoming him, members commented that the DDG brings with him a wealth of experience and knowledge which will go a long way in benefiting the Council and the EOU and SEZ community at large. The AGM concluded with a vote of thanks to the chair. ■

Circular No. 17 of 2020

F. No.370133/22/2020-TPL
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes
(TPL Division)
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Dated: 29th September, 2020

Sub.: Guidelines under section 194-O (4) and section 206C (1-I) of the Income-tax Act, 1961 – reg.

Finance Act, 2020 inserted a new section 194-O in the Income-tax Act 1961 (hereinafter referred to as "the Act") which mandates that with effect from 1st day of October, 2020, an e-commerce operator shall deduct income-tax at the rate of one per cent (subject to the provisions of proposed section 197B of the Act) of the gross amount of sale of goods or provision of service or both, facilitated through its digital or electronic facility or platform. However, exemption from the said deduction has been provided in case of certain individuals or Hindu undivided family fulfilling specified conditions. This deduction is required to be made at the time of credit of amount of such sale or service or both to the account of an e-commerce participant or at the time of payment thereof to such e-commerce participant, whichever is earlier.

2. Finance Act, 2020 also inserted sub-section (1H) in section 206C of the Act which mandates that with effect from 1st day of October, 2020 a seller receiving an amount as consideration for sale of any goods of the value or aggregate of such value exceeding fifty lakh rupees in any previous year to collect tax from the buyer a sum equal to 0.1 per cent (subject to the provisions of proposed sub-section (10A) of the section 206C of the Act) of the sale consideration exceeding fifty lakh rupees as income-tax. The collection is required to be made at the time of receipt of amount of sales consideration.

3. Sub-section (4) of section 194-O and sub-section (1-I) of section 206C of the Act empowers the Board (with the approval of the Central Government) to issue guidelines for the purpose of removing difficulties. Various representations have been received by the Board for issuing guidelines for removing certain difficulties. In exercise of power contained under sub-section (4) of section 194-O of the Act and sub-section (1-I) of section 206C of the Act, the Board, with the approval of the Central Government, hereby issues the following guidelines.

4. Guidelines

4.1 <u>Applicability on transactions carried through various Exchanges</u>:

4.1.1 It has been represented that there are practical difficulties in implementing the provisions of Tax Deduction at Source (TDS) and Tax Collection at Source (TCS) contained in section 194-O and sub-section (1H) of section 206C of the Act in case of certain exchanges and clearing corporations. It has been stated that sometime in these transactions there is no one to one contract between the buyers and the sellers.

4.1.2 In order to remove such difficulties, it is provided that the provisions of section 194-O, and sub-section (1H) of section 206C, of the Act shall not be applicable in relation to,-

(i) transactions in securities and commodities which are traded through recognized stock exchanges or cleared and settled by the recognized clearing corporation, including recognized stock exchanges or recognized clearing corporation located in International Financial Service Centre;

(ii) transactions in electricity, renewable energy certificates and energy saving certificates traded through power exchanges registered in accordance with Regulation 21 of the CERC; and

For this purpose,-

(i) "recognized clearing corporation" shall have the meaning assigned to it in clause (i) of the *Explanation* to clause (23EE) of section 10 of the Act;
(ii) "recognized stock exchange" shall have the meaning assigned to it in clause (ii) of the *Explanation 1* to sub-section (5) of section 43 of the Act; and
(iii) "International Financial Services Centre" shall have the meaning assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005.

4.2 Applicability on payment gateway:

4.2.1 In e-commerce transactions, the payments are generally facilitated by payment gateways. It is represented that in these transactions, there may be applicability of section 194-O twice i.e. once on e-main commerce operator who is facilitating sell of goods or provision of services or both and once on payment gateway who also happen to qualify as e-commerce operator for facilitating service. To illustrate a buyer buys goods worth one lakh rupees on e-commerce website "XYZ". He makes payment of one lakh rupees through digital platform of "ABC". On these facts liability to deduct tax under section 194-O may fall on both "XYZ" and "ABC".

4.2.2 In order to remove this difficulty, it is provided that the payment gateway will not be required to deduct tax under section 194-O of the Act on a transaction, if the tax has been deducted by the e-commerce operator under section 194-O of the Act, on the same transaction. Hence, in the above example, if "XYZ" has deducted tax under section 194-O on one lakh rupees, "ABC" will not be required to deduct tax under section 194-O of the Act on the same transaction. To facilitate proper implementation, "ABC" may take an undertaking from "XYZ" regarding deduction of tax.

4.3 Applicability of on insurance agent or insurance aggregator:

4.3.1 It has been represented that insurance agents or insurance aggregators in many cases have no involvement in transactions between insurance company and the buyer for subsequent years. It has been represented that in subsequent years, the liability to deduct tax may arise on the insurance agents or insurance aggregators even if the transactions have been completed directly with the insurance company. This may result into hardship for the insurance agents/aggregators.

4.3.2 In order to remove difficulty it is provided that in years subsequent to the first year, if the insurance agent or insurance aggregator has no involvement in transactions between insurance company and the buyer of insurance policy, he would not be liable to deduct tax under section 194-O of the Act for those subsequent years. However, the insurance company shall be required to deduct tax on commission payment, if any, made to the insurance agent or insurance aggregator for those subsequent years under the relevant provision of the Act.

4.4 Calculation of threshold for the financial year 2020-21.

4.4.1. Since both section 194-O, and sub-section (1H) of section 206C, of the Act would come into effect from 1st October, 2020, it was requested to clarify how the various thresholds specified under these sections shall be computed and whether the tax is required to be deducted/collected in respect of amounts received before 1st October, 2020.

4.4.2 it hereby clarified that,-

(i) Since the threshold of five lakh rupees for an individual/ Hindu undivided family (being e-commerce participant who has furnished his PAN/Aadhaar) is with respect to the previous year, calculation of amount of sale or services or both for triggering deduction under section 194-O of the Act shall be counted from 1st April, 2020. Hence, if the gross amount of sale or services or both facilitated during the previous year 2020-21 (including the period up to 30th Sept 2020) in relation to such an individual/ Hindu undivided family exceeds five lakh rupees, the provision of section 194-O shall apply on any sum credited or paid on or after 1st October, 2020.

(ii) Since sub-section (1H) of section 206C of the Act applies on receipt of sale consideration, the provision of this sub-section shall not apply on any sale consideration received before 1st October 2020. Consequently it would apply on all sale consideration (including advance received for sale) received on or after 1st October 2020 even if the sale was carried out before 1st October 2020.

(iii) Since the threshold of fifty lakh rupees is with respect to the previous year, calculation of receipt of sale consideration for triggering TCS under sub-section (1H) of section 206C shall be computed from 1st April, 2020. Hence, if a person being seller has already received fifty lakh rupees or more up to 30th September 2020 from a buyer, the TCS under sub-section (1H) of section 206C shall apply on all receipt of sale consideration during the previous year, on or after 1st October 2020, from such buyer.

4.5 <u>Applicability to sale of motor vehicle:</u>

4.5.1 The provisions of sub-section (1F) of section 206C of the Act apply to sale of motor vehicle of the value exceeding ten lakh rupees. Sub-section (1H) of section 206C of the Act exclude from its applicability goods covered under sub-section (1F). It has been requested to clarify that whether all motor vehicles are excluded from the applicability of sub-section (1H) of section 206C of the Act.

4.5.2 It this regard it may be noted that the scope of sub-sections (1H) and (1F) are different. While sub-section (1F) is based on single sale of motor vehicle, sub-section (1H) is for receipt above 50 lakh rupee during the previous year against aggregate sale of good. While sub-section (1F) is for sale to consumer only and not to dealers, sub-section (1H) is for all sale above the threshold. Hence, in order to remove difficulty it is clarified that,-

(i) Receipt of sale consideration from a dealer would be subjected to TCS under sub-section (1H) of the Act, if such sales are not subjected to TCS under sub-section (1F) of section 206C of the Act.

(ii) In case of sale to consumer, receipt of sale consideration for sale of motor vehicle of the value of ten lakh rupees or less to a buyer would be subjected to TCS under sub-section (1H) of section 206C of the Act, if the receipt of sale consideration for such vehicles during the previous year exceeds fifty lakh rupees during the previous year.

(iii) In case of sale to consumer, receipt of sale consideration for sale of motor vehicle of the value exceeding ten lakh rupees would not be subjected to TCS under sub-section (1H) of section 206C of the Act if such sales are subjected to TCS under sub-section (1F) of section 206C of the Act,

4.6 Adjustment for sale return, discount or indirect taxes

4.6.1 It is requested to clarify that whether adjustment is required to be made for sales return, discount or indirect taxes including GST for the purpose of collection of tax under sub-section (1H) of section 206C of the Act. It is hereby clarified that no adjustment on account of sale return or discount or indirect taxes including GST is required to be made for collection of tax under sub-section (1H) of section 206C of the Act since the collection is made with reference to receipt of amount of sale consideration.

4.7 Fuel supplied to non-resident airlines

4.7.1 It is requested to clarify if the provisions of sub-section (1H) of section 206C of the Act shall apply on fuel supplied to non-resident airlines at airports in India. To remove difficulties it is provided that the provisions of sub-section (1H) of section 206C of the Act shall not apply on the sale consideration received for fuel supplied to non-resident airlines at airports in India.

29.09.20

(Ankit Jain)
Under Secretary to the Govt. of India

Copy to:

1. PS to FM/ OSD to FM/ PS to MoS(F)/ OSD to MoS(F)
2. PPS to Secretary (Revenue)
3. Chairman, CBDT & All Members, CBDT
4. All Pr. DGsIT/ Pr. CCsIT
5. All Joint Secretaries/ CsIT/ Directors/ Deputy Secretaries/ Under Secretaries of CBDT
6. The C&AG of India
7. The JS & Legal Adviser, Ministry of Law & Justice, New Delhi
8. CIT (M&TP), Official Spokesperson of CBDT
9. O/o Pr. DGIT (Systems) for uploading on official website
10. JCIT (Database Cell) for uploading on www.irsofficersonline.gov.in

EPCES at your Service

Grievance: grievances@epces.in

We are happy to inform you that in order to serve its members in an effective and useful manner, EPCES has created a special e-mail id i.e. grievances@epces.in for its members. Now EPCES members can share their grievance 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 grievances to us at email: **grievances@epces.in**

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.

MEMBERSHIP ALERT THROUGH NSDL SEZ ONLINE SYSTEM

EPCES RCMC information on SEZ online System

EPCES members in the category of SEZ Units and Developers are requested to renew/apply for EPCES RCMC at the earliest possible through EPCES online membership portal http://www.ntrade.in/EPCES_LIVE/NewLogin.aspx to avoid any inconvenience while availing exemption, drawback and concessions under SEZ Scheme.

For step by step procedure on how to apply through the online membership portal kindly visit EPCES website www.epces.in and go to Member Services.

The Department of Commerce, Ministry of Commerce and Industry vide its letter no. C-2/2/2016-SEZ dated September 25, 2020 has issued directions to NSDL Data Management System Ltd. with regard to verification of valid EPCES RCMC.

The NSDL has been directed to make suitable provisions in NSDL SEZ Online System for the following:

- Enable verification of a valid RCMC for each transaction of import/domestic procurement of goods/services where the unit/developer is availing exemption, drawback and concessions
- Enable an alert to the unit/developer at least one month in advance through a suitable mechanism (pop-up/SMS/e-mail) to the unit/developer to remind the user to renew the RCMC and continue to present the alert on regular intervals till the RCMC is renewed.
- Provide alerts on a monthly basis to the DC office of Units /Developer with RCMC of less than 2 months validity such that the same could be monitored and pursued by the DC office also.
- In case, the unit/developer is seeking import/domestic procurement of goods/services without a valid RCMC, intimate the same to the Specified Officer for further necessary action as per extant rules.
- NSDL to work with EPCES and ensure that a working module for validation of RCMC is implemented by September 30, 2020.

In view of the above and to avoid inconvenience to SEZ units, Developers & Co-Developers in the Exim trade/availing facilities of SEZ online, it is requested that all the SEZ units and Developers including Co-developers should expeditiously complete the membership formalities of EPCES so that RCMC validity information can be submitted to NSDL SEZ online.

In case any information/assistance is required, kindly contact the membership team at EPCES Head office Tel: 011-23329766-68, email: membership@epces.in and dd@epces.in or respective EPCE Regional Directors as per list below :-

Sl. No.	Name of the Regional Director	EPCES Offices	Phone/ Emails
1	Ms SreeRajmohan	Cochin SEZ	Mobile: 9446580703 Email: rdcsez@epces.in
2	Mr. Chidanandiah .Y	Cochin SEZ	Mobile: 07259836644 Email: rdbangalore@epces.in
3	Dr. Sabyasachi Ghosh	Falta SEZ	Mobile: 09007508189 E-mail: rdfsez@epces.in
4	Ms. S. Kalyani	MEPZ – SEZ	Mobile: 09840796403 Email: rdmepz@epces.in
5	Mr. O. P. Kapoor	Noida SEZ	Mobile: 09810448119 Email: rdnsez@epces.in
6	Mrs. Shyamali Banerjee	SEEPZ-SEZ	Mobile: 9821195764 Email: rdseepz@epces.in
7	Ch. S. S. Sekhar	Visakhapatnam SEZ	Mobile: 9866176962 Email: rdvsez@epces.in

RBI: Inflation forecast combinations
THE INDIAN EXPERIENCE

On 24th September 2020, the Reserve Bank of India placed on its website a Working Paper titled 'Inflation Forecast Combinations – The Indian Experience' under the Reserve Bank of India Working Paper Series. The paper has been authored by Joice John, Sanjay Singh, and Muneesh Kapur from RBI though the views expressed are their personal ones.

The web site containing the study is given below:

https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/WPSN11IFCB9FA783431964914A35257545C9CA731.PDF

The intertwined study from the above web contains the following details:

- Chapter 1. Introduction
- Chapter 2. Literature review
- Chapter 3. Empirical framework
- Chapter 4. Empirical results
- Chapter 5. Conclusion.

As explained by the authors, the paper is organized into five sections. Section II presents a brief review of studies on the inflation forecast combination approach. The analytical framework, data, and sources are presented in Section III. The results are discussed in Section IV, with concluding observations in Section V.

Or as a preamble, I would quote the following from the main report as "extract"

"Accurate, reliable, and unbiased forecasts of inflation are critical for the monetary policy decision-making process, more so for the flexible inflation-targeting central bank. Inflation forecasting is, however, turning challenging across countries.

This paper explores the merits of forecast combination approaches for improving the inflation forecasts in the Indian context. The results seem encouraging.

The inflation forecast combination approach based on the performance-based weighting scheme outperformed the individual models both for headline inflation as well as core inflation for the longer horizons relevant for monetary policy.

Overall, while the performance-based inflation

forecast combinations add value to the forecasting exercise, ongoing structural transformations, the greater role of global factors, and recurrent weather shocks continue to pose challenges to the forecasting process."

Given these complexities of inflation dynamics, central banks often use a suite of models' approach, supplemented with informed judgment, for improving the quality of the forecasts. Underlying this preference is a tacit recognition that all models are misspecified in some dimension and at some points of time. In this context, a forecast combination approach – combining forecasts from alternative models through a judicious weighting system – finds favor among practitioners.

Against this backdrop, this paper empirically examines the performance of the forecast combination approach for inflation over individual models, the benchmark random walk model, and the median/mean forecasts of inflation from the Survey of Professional Forecasters (SPF) conducted by the RBI.

As regards the individual models, the paper considers 26 individual models and 3 different combination approaches for the period Q1:2001-02 to Q4:2018-19 for the comparative assessment. While headline inflation remains the target for monetary policy, core inflation often provides a better indicator of underlying inflation and the future inflation path.

Hence, the forecast combination approach has been attempted for core inflation also. The paper's empirical analysis shows that the performance-based weighting scheme outperforms the individual models both for headline inflation as well as core inflation prices, and exchange rate.

What about foreign central banks' approach towards inflation forecasting?

Moving specifically to forecast combination approaches in the context of inflation modeling, a number of central banks such as the Bank of England, Sveriges Riksbank, Reserve Bank of New Zealand, and Bank of Canada make use of combination approaches to improve upon the individual model forecasts or to do a cross-check on the forecasts of their key models.

For the UK, while the individual models did not often beat the forecasts from the benchmark autoregressive model, the combination forecasts frequently outperformed the benchmark.

In the United States, the results of combination approaches were encouraging.

For India, the combination forecasts were found to be more accurate than the eight individual models – random walk (RW), autoregressive (AR), moving average with stochastic volatility (MA-SV), vector auto-regression (VAR), Bayesian VAR, VAR, and BVAR with exogenous variables (VAR-X and BVAR-X, respectively) and Phillips curve (PC) (RBI, 2017).

Similarly, Dholakia and Kadiyala (2018) considered RW, vector error correction, ARIMA, ARIMA-X, VAR and VAR-X models for the evaluation and found that no individual model outscored others at all horizons.

The exact specifications/ representations of these models are given on pages 9-14 for persons of serious study and understanding.

The following inflation figures from the study are mind-blowing and refreshing for a learning professional.

A brief review of the inflation dynamics since the early 2000s indicates that inflation was rather moderate during 2001-2007; it rose to double-digit levels in 2010 and saw a substantial disinflation from 2014.

The headline inflation declined to 2.5 percent in Q4:2018-19 from 11.1 percent in Q4:2010-11.

Beginning in 2007, CPI inflation rose mainly due to higher global commodity prices, especially those of crude oil. A deficit monsoon led to a further rise in food inflation in 2009 and its persistence contributed to elevated inflation expectations and generalized inflation.

The double-digit inflation led to a review of the extant multiple indicators framework of monetary policy and a phased switch to a flexible inflation targeting framework in 2014 (RBI, 2014).

This narration leads one to the most important feature of this study that in 2016, the flexible inflation targeting was formally adopted following amendments to the Reserve Bank of India Act, 1934.

A monetary policy committee was constituted, with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 percent within a band of +/- 2 percent, while supporting growth. This continues to be the hallmark of monetary policy and the usage of inflation forecasting.

The reforms in the monetary policy framework, a sharp fall in crude oil prices, and better supply management policies contributed to a sustained disinflation from 2014 onwards.

In view of recurrent food-related shocks, this period also witnessed episodes of divergence between headline inflation and core inflation measured by excluding food and fuel (Raj et al., 2020). The large swings in the inflation dynamics over the past decade clearly point to the forecasting challenges.

An evaluation of the RBI's inflation projections indicates that the forecast errors were comparable to other countries. The modeling and forecasting approaches are constantly reviewed and refined by staff, and information collecting systems strengthened on an ongoing basis to minimize forecast errors.

Like other central banks, the RBI regularly conducts a survey of professional forecasters (SPF) wherein different professional forecasters give their individual projections for a set of macroeconomic indicators, including inflation. The results of the survey are published by the RBI in terms of mean and median of the individual forecasts – these results can, therefore, be interpreted as a variant of the simple average combination approach being studied in this paper.

Data

The headline inflation measure is based on the consumer price index (combined) (CPIC). Core inflation is often calculated by removing the volatile components/ sub-groups in the consumers' consumption basket.

Although there is no official measure of core inflation, CPI excluding food and fuel in the Indian context is often treated as a suitable measure of core inflation (Raj et al., 2020). Hence, CPIC inflation excluding food, fuel and light is taken as the measure of core inflation.

The National Statistical Office (NSO) started compiling CPIC in 2011; RBI (2014) provided back-casted data on CPIC for 2001-2010, using data on CPI-Industrial Workers (CPI-IW)6. Therefore, the period of study was

SUPERANNUATION OF SHRI R.P. VERMA

Shri R.P. Verma joined the Noida Special Economic Zone (NSEZ) on 16/07/1987 and retired after completing 33 years and 2½ months of service. He became an Assistant Development Commissioner at the Indore SEZ on 05/04/2004 and rendered his services up to 14/09/2007 there. Subsequently he was Assistant Development Commissioner of Moser Baer SEZ from 21/09/2007 to 23/04/2011. Between 27/04/2011 and 21/09/2017 he held the post of Assistant Development Commissioner at the NSEZ. He was Founder Secretary of the Noida SEZ Authority. He held the post of Secretary from 2009 until his retirement. He helped turn the Authority into a financially viable entity and developed infrastructure to boost exports. He remained trade friendly at all times.

Shri Vilas Gupta, Regional Chairman, EPCES Noida SEZ, Shri Sunil Puri, Shri Puneet Kapoor, Shri Mukesh Kumar Congratulated Shri R P Verma Secretary Noida SEZ authority on his superannuation

taken from Q1:2001-02 to Q4: 2018-19 and data frequency was chosen as quarterly7.

As the CPIC prior to 2011 in RBI (2014) was back-casted largely based on the retail prices faced by industrial workers, the paper also undertakes, as a robustness exercise, analysis for the smaller sample period (Q1:2011-12 to Q4:2018-19) for which the actual data on CPIC are available.

What are the conclusions as per the study of inflation forecasting after a deep study of various factors over a massive period of 2001-2019? Yes, I repeat that our young professionals surpass the best in the world by their accurate calculation techniques and deep application for practical results.

Inflation forecasts are the key inputs for monetary policy formulation by inflation-targeting central banks. Inflation forecasting has become a more challenging task due to the weakening of the traditional link between inflation and economic activity across countries for a variety of factors such as greater external openness, volatile exchange rates, and commodity prices, increased competition from e-commerce, and potential non-linearities.

In this milieu, a forecast combination approach–combining forecasts from alternative models through a judicious performance-based weighting system–can potentially enhance the forecasting performance of the individual models.

This paper empirically examined the forecasting performance of the combination approaches in the Indian context relative to a wide range of individual models spanning different modeling frameworks. Although the combination forecasts significantly improve upon the individual models, the absolute forecast errors of the combination models are non-negligible. A part of these errors is due to the large recurrent fluctuations in the key conditioning variables such as crude oil prices and exchange rate movements. Large shocks from the food side also contribute to the forecast errors.

The empirical analysis showed that even the simple average of the forecasts based on individual models was comparable with the 'best' performing individual model's forecast. The performance-based weighting schemes outperformed the individual models both for headline inflation as well as core inflation by a substantial margin at the longer horizons.

Conclusion

The basic purpose of this article is to invite the attention of all professionals to consider the tremendous industrial research combined with the best econometric techniques interspersed with the most advanced mathematical models totally based on available economic data for inflation forecasting undertaken by the most brilliant economists from RBI and appreciate the efforts to understand our economy which has merged with the world economy. The tremors of the Indian economy attract maximum investment from the rest of the world.

The complete article with chart is available on RBI website on the below mentioned link:

https://www.rbi.org.in/Scripts/PublicationsView.aspx?id=19977 ■

—*Source: Reserve Bank of India*

An insight into the RoDTEP scheme

Evolution of RoDTEP

The Government of India has come up with a WTO compliant proposed scheme called 'Remission of Duties or Taxes on Export Products' (RoDTEP) to replace the present scheme of MEIS.

RoDTEP is a new scheme to replace the existing MEIS scheme for exports of goods from India, which aims to reimburse the taxes and duties incurred by exporters such as local taxes, coal cess, mandi tax, electricity duties and fuel used for transportation, which are not getting exempted or refunded under any other existing scheme. The rebate would be claimed as a percentage of the Freight On Board (FOB) value of exports.

The Indian Government has recently approved this scheme and will be notified in a phased manner and accordingly items will be shifted from existing scheme MEIS to RoDTEP with proper monitoring and audit mechanism.

This scheme will incentivise exporters at an estimated cost of Rs. 50,000 crore to the exchequer.

The objectives of the RoDTEP scheme?

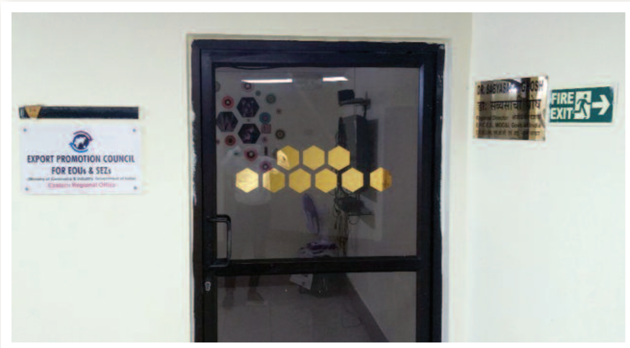
- To boost exports scheme for enhancing exports to international markets
- To make Indian exports cost competitive and create a level playing field for Indian exporters in International market
- To give a boost to employment generation in various sectors
- It aims to boost dwindling outward shipments

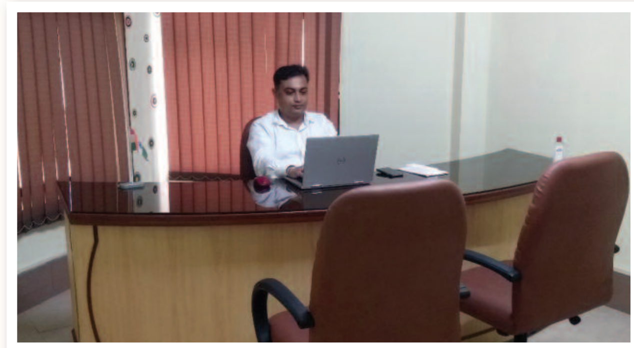
Features of RoDTEP

- Presently only 30% of total actual indirect taxes incurred by the exporters are refunded through existing MEIS scheme
- Under the WTO rules, certain duties like state taxes on power, oil, water, and education cess are allowed to be refunded
- In this backdrop, RoDTEP scheme framed in accordance with WTO guidelines which reimburses the taxes/ duties/ levies, at the central, state and local level, which are currently not being refunded under any other mechanism, but which are incurred in the process of manufacture and distribution of exported products and the following taxes will be refunded through this scheme
- Taxes include VAT, Central excise duties on fuel used for transportation, electrical duties, which are not getting exempted or refunded under any other existing mechanism.
- Earlier incentives are provided in the form of transferable scrips, but this new scheme aims at creating an Electronic credit ledger in the customs system which enables digital refund to exporters, duties and taxes levied at the centre, state and local levels.

The Drawback Division, Central Board of Indirect Taxes & Customs, Department of Revenue, Ministry of Finance vide its Order No. 605/12/2020-DBK/736 dated 30.7.2020 informed that the Government constitutes the Committee for determination of ceiling rates under RoDTEP Scheme. The Committee shall comprise of the following:-

EPCES EASTERN REGIONAL OFFICE





LEFT: EPCES Falta SEZ region New office.
RIGHT: Dr. Sabyasachi Ghosh, Regional Director, EPCES in the New Office

It is our pleasure to inform you that the office of the Regional Director, EPCES Eastern and North Eastern Region, has been relocated to a new, smarter business premises in Manikanchan SEZ at Salt Lake City Sector IV, CN 1, Bidhan Nagar, Kolkata, West Bengal 700091.

Our premises are located next to the Wipro SEZ, Salt Lake. It offers improved facilities such as more comfortable meeting rooms, better parking facilities. The facilities are spacious enough to practice social distancing and safety protocols during the ongoing pandemic. It is located close to the airport and the IT-ITES SEZs in West Bengal.

Manikanchan SEZ is the ultimate destination for manufacturers, businessmen and entrepreneurs in the field of gems and jewellery—in fact Manikanchan Gems & Jewellery SEZ is the first Greenfield SEZ to become operational in India. The SEZ is located in a pollution-free sylvan environment on the Rajarhat Bypass. Businesses located in the park enjoy the status of offshore units along with a host of financial and non-financial benefits, and a simplified procedural regime. The SEZ units provide world class infrastructure that are supported by a slew of service providers for hassle-free operations.

Please contact us with any questions you may have concerning our new location or our services. We value you and look forward to serving you better, and to work and serve you at our new address while adhering to all health safety norms.

1. Shri G.K. Pillai, Secretary (Retd.), Government of India – Chairman
2. Shri Y.G. Parande, Special Secretary-cum-Member CBEC (Retd.) – Member
3. Shri Gautam Ray, Chief Commissioner of Customs & Central Excise (Retd.) – Member
4. Joint Secretary (Drawback) shall be the Secretary to the Committee

This Committee will work out the modalities for calculation of 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 export products and such indirect duties/taxes levies in respect of distribution of export goods and recommend in their report the ceiling rates of RoDTEP for the items/sectors identified by the Government. The Committee will also conduct field visits and study specific production processes as it may consider necessary and interact with administrative Ministries, Export Promotion Councils, Commodity Boards and other stakeholders to elicit their view on ceiling rates under RoDTEP Scheme. On the request of EPCES, the Department of Commerce has recommended to the committee to consider EOUs and SEZs also in the RoDTEP scheme.

The Committee will submit its main report to the Government within three months. A supplementary report, if required, may also be submitted within another two months of the submission of the main report, keeping in view any issues that may arise.

The incentive rates are not yet fixed. The implementation of RoDTEP replacing MEIS would make India a compliant exporter in the international market. However, it has to be ensured that the new scheme should not reduce the benefits of the present scheme at a shot.

EPCES has requested the Ministry of Commerce & Industry to cover EOUs and SEZs in the proposed RoDTEP scheme. The Department of Commerce has submitted EPCES' request to the Chairman RoDTEP committee for consideration while finalizing the RoDTEP report. ■

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	Letter No and date	Status by EPCES
1	**RoDTEP for SEZ and EOUs**	1. RoDTEP committee needs to be apprised that SEZ and EOUs should also be covered under the scheme 2. Also if any data needs to be sent	Letter to AS DOC and JS(TRU) issued on 9/9/2020	SEZ Division vide its letter dated 22.9.2020 forwarded EPCES request to Shri G.K. Pillai, Chairman RoDTEP Committee for consideration while deciding ceiling rates under RoDTEP Scheme.
2	**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	A number of representations were made to DOC, MOF	A high level meeting was held regarding DTA sales from SEZ/EOUs. It has been decided that an equalisation duty may be levied. Formulation of equalisation duty is under consideration. This issue was also discussed during VC meeting with AS SEZ on 6.10.2020
3	**SEZ units may be allowed to do job work for DTA units**	Presently u/s Rule 43, sub-contracting for DTA unit is allowed only for export on behalf of a DTA exporter. Due to seasonal nature of some exports, the capacity of units remains unutilised for certain perio of the year. Therefore, EOU's and SEZs should be allowed to do job work for DTA up to certain level of their annual capacity (say 15%) or any such restriction to ensure that units in SEZ and EOU's are able to utilise their idle capacities and provide round the year employment.	A number of representations were made to DOC, MOF	A high level meeting was held regarding DTA sales from SEZ/EOUs. It has been decided that an equalisation duty may be levied. Formulation of equalisation duty is under consideration.
4	**Permission to SEZ Units for duty free DTA Sales for certain items which are being imported now**	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.	Letter issued to AS DOC on 7.9.2020	A high level meeting was held regarding DTA sales from SEZ/EOUs. It has been decided that an equalisation duty may be levied. Formulation of equalisation duty is under consideration.
5	**Permission of sale of products in DTA by EOU**	On the pattern of MOOWR, 2019 scheme of customs , EOUs may also be allowed to sell in DTA on payment of duty forgone on raw material and counting this towards stipulation for NFE may be waived off.	Letter sent to CIM on 20.5.2020	A high level meeting was held regarding DTA sales from SEZ/EOUs. It has been decided that an equalisation duty may be levied. Formulation of equalisation duty is under consideration.

Sl No	Subject	Details	Letter No and date	Status by EPCES
6	**Accumulated IGST Cash Balance lying on GST portal related to DTA removal**	After implementation of GST law from 1 July 2017, SEZ units were paying the IGST (as a part of Customs duty) manually through TR-6 challan. However, in August 2017, it was directed that SEZ units will pay Customs duty including IGST online through PMT – 6 challan on GST portal which will be linked with the BOE. On 19 Aug 2017, NSEZ Customs and PNB (NSEZ Branch) stopped accepting manual TR-6 challan and demanded payment of IGST through online GST portal. Due to this confusion, a few units of NSEZ were raided by DRI and DGGI for non-payment of IGST under TR6.	Letter issued to AS DOC on 7.9.2020	In the recent VC meeting with Additional Secretary on 6.10.2020, this issue was resubmitted by EPCES for consideration.
7	**Double payment of import Duties-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.	Letter issued to AS DOC on 7.9.2020 Reminder letter along with copy of CS letter dated 3.1.2020 was issued to Member Customs and Principal Commissioner GST Wing on 30.9.2020.	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 throught he forthcoming Finance Bill.
8	**Exemption to units from payment of charges for SEZ Online**	SEZ units have raised concern that they 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 may be borne by the Government. Govt. may also examine if CBIC may be requested to extend ICEGATE to SEZs as the customs officers are already there who can be authorized to operate that system.	Letter to AS DOC was issued on 08/09/2020	DoC has requested to get a study conducted about the costs in case of extension of ICEGATE to SEZs vs costs in SEZ online. This issue was further discussed in a VC meeting with Additional Secretary SEZ on 6.10.2020.
9	**Multiple LOAs should be allowed in the same premises**	Multiple LOAs to related parties should be allowed in the same premises Taurus Englobe Ltd., NSEZ have a similar case where a foreign company is ready to have a joint venture with Tauras Englobe Ltd. at the ratio of 50:50, where Taurus Englobe will be a partner and foreign company will not only bring the machinery but also the advanced technology in their product. It will not only help in reducing the cost but will make the product competitive in the international market. It will increase the export turnover by 200%. However, as per the instruction issued by the Department of commerce, SEZ units are not allowed to share its space with others. The instruction of Department of commerce is reproduced below: "Only Fresh allotments are to be allowed and no sharing of space by the sister concern with the original allottee can be allowed" Further, this instruction has been issued to NSEZ only.	Letter to DOC is already submitted by Regional Chairman NSEZ	This issue was also discussed during a VC meeting with Additional Secretary SEZ on 6.10.2020.

Sl No	Subject	Details	Letter No and date	Status by EPCES
10	**Flexibility of Long Term lease for developers and tenants**			This issue was also discussed during a VC meeting with Additional Secretary SEZ on 6.10.2020.
11	**Waiver of 6 months lease rent**	Unprecedented difficulties due to COVID Pandamic are being faced by the SEZ units, particularly manufacturing units. Therefore, a request was made for waiver of 6 month lease rent of SEZ units (particularly manufacturing ones) by SEZ Authorities/ Department of Commerce was placed before the government.	Issues was taken up with each DC on 29.6.2020, With CIM on 22.5.2020 and 13.5.2020	DoC issued letter to all Zonal DCs that SEZs in Govt Zones are allowed to pay first two quarter's rental of 2020-21 in six equal installment from 1.10.2020 so that all dues are paid up in this financial year. An all member circular is issued on 26.8.2020 and also added as an agenda in CGC meeting on 1.9.2020
12	**The abnormal increase in fixation of lease rent for demerger NCLT properties**	This issue has been dragging on for the past 15 months. Manav Packaging does not have the business viability to pay Rs 1 Crore per annum per acre on yearly basis. The rent demanded unilaterally by SEZ Authority without having any basis or any rules. MEPZ SEZ Authority should not interfere in such mergers / demergers/ 74A transfers/ shareholding transfers by imposing 1500% increase in lease rent. Further, we see some units enjoying the same rent after such mergers.	A number of representations were submitted to MOC&I	MEPZ SEZ authority in its meeting held on 10.6.2019 has already decided that lease rental will be arrived on the basis of the highest bids received in the immediately preceding three auction proceedings held by the authority. This was as per the decisions of the authority in its last meeting held on 21.8.2018 , in which it was observed that some Busness Transfer Agreements, Merger/Acquisitions, Change in Shareholding patter and ownership of units are taking place with a possible malafide intention of avoiding the auction of vacant plots/SDF Modules in the Zone. Thus while those who come into the Zone through the auction process are paying market rate of lease rent , those who opt fro taking over the existing units through above mentioned processes end up paying only the nominal Government Rate. Thus there is no level playing field between the two categories of allottees. Therefore, it was decided that such cases would be handled on case by case basis, based on their complete background and in such cases the lease rent will be charged on the basis of average of the highest bids received in the preceding three auctions. It was laos decided that if the transfer is within the same management group or of the same Parent/Holding company should be kept outside the purview of such lease rentals at market value. Accordingly, the H1 bids received in the past three auctions were assessed and the lease tental for Plot A-18 and A-19 was fixed at Rs 2215/ per sqm per annum. Further , SEZ authority has also reviewed the case as requested on

Sl No	Subject	Details	Letter No and date	Status by EPCES
				10.6.2019 and adhered to its earlier decision. The matter has been taken up with AS(SEZ), DOC during a VC meeting held on 6.10.2020.
13	**FTWZ as multisector FTWZs**	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	Letter was written to AS DOC on 10.7.2020 DG EPCES again sent letter to AS DOC on 11.9.2020	Recommendation letter sent by Commerce Secretary to JS Revenue on 3rd June, 2020
14	**Extension of period for exemption of customs duty and cess on ventilators, masks, PPE, COVID testing kits, etc. and their inputs for manufacture vide customs notification no 20 dated 9 April 2020 requested till March 31, 2021**	1. In order to help the protection against COVID, in the public interest, the Govt. of India had vide Customs Notification No. 20/2020 dated 9 April exempted the customs duty and health cess on ventilators, masks, PPE, COVID testing kits, etc. and the inputs for manufacture of such items till September 30, 2020. The SEZ units manufacturing the same have been supplying such items to the DTA also. Since the COVID situation is continuing, the SEZ units are **requesting that the validity of this notification may please be extended up to 31 March 2021.**	Letter to ADG(EP) on 7.7.2020 Letter to Secy Health and AS DOC was issued on 28.9.2020 Letter sent to AS DOC on 10.7.2020	DGFT issued Notification No. 29 dated 25.8.2020 wherein export policy of 2/3 ply surgical masks, medical coveralls of all classes and categories (including medical coveralls for COVID-19) is amended from Restricted to "FREE" and hence these are freely exportable. Another letter from DG EPCES to AS DOC & Secy Health was issued on 28.9.2020 Department of Commerce sent an OM to Secretary Health and Secretary Department of Revenue vide K.43017(13)/2/2020-SEZ dated 7.10.2020
15	**Imposition of Health Cess on sale of medical devices by SEZ units**	Objective of imposition of 5% Health Cess is to discourage import and to encourage domestic manufacturer of medical device . Therefore if units in SEZ sell their products in domestic market and if it attracts Health Cess, it will defeat the aim of reducing import dependency. The following is requested :- i) Exemption from levy of 5% Health Cess on sale of medical devices falling under Chapter Heading 9018 to 9022 of First Schedule to Customs Tariff Act, 1975. ii) Reduce Basic Customs Duty applicable on sale of medical devices falling under chapter heading 9018 to 9022 by SEZ unit to DTA (customers within India), from 10% to NIL. iii) Provide GST exemption on sale of medical devices falling under Chapter heading 9018 to 9022 by SEZ unit to DTA customs (Customers within India).	Taken up with CS on 4.6.020	Another letter from DG EPCES to AS DOC & Secy Health was issued on 28.9.2020 Department of Commerce sent an OM to Secretary Health and Secretary Department of Revenue vide K.43017(13)/2/2020-SEZ dated 7.10.2020
16	**Export of non medical NBR gloves**	Case of RBF latex Limited. Exports of all NBR Gloves is banned. Thus SEZ units also cannot export. This has created survival issue for SEZ units which is in export of non medical NBR Gloves		Health has to recommend making exports of non medical NBR Gloves free. A proposal fro CoS is under consideration

Sl No	Subject	Details	Letter No and date	Status by EPCES
17	**GST on the wareousing services provided to foreigners in FTWZ**	Providing warehousing services in India to foreign clients and receiving consideration for such services in FE should be treated as export of services. FTWZ Units are allowed to store goods on behalf of Foreign Supplier (as per Rule 18(5) and DTA Buyer/Supplier & Foreign Buyer (as per Instruction 60).Inspite of FTWZ being Special Economic Zone wherein no GST can be levied, GST is being levied on the bill issued for goods stored to Foreign Buyer and Suppliers as they have no physical presence in India, while Indian Buyers and Supplier are able to claim the GST input credit . Pre GST era, foreign clients were exempted from Service Tax but post GST, 18% GST is levied on services rendered and consumed within FTWZ by these foreign clients. This is resulting into export of taxes from India. problem is due to the definition of export of services u/s2(6)(iii) of IGST Act which says that the place of supply of services should be outside India. In fact it (iii) should say outside India or in SEZ/FTWZ. Similarly, Section 13(3(a) should be amended to exclude SEZ/FTWZ	Letter was written to AS DOC on 10.7.2020	
18	**Online Permission by DC to EOUs for deemed export/supply to DTA**	It takes EOUs around two weeks to obtain DC's permission for deemed export/supply to DTA and presently due to lockdown it takes more than a month for such permissions. In book printing EOUs, overseas client of digital printing places orders for small quantities and is to be delivered in two days.		AS (SEZ) assured to look into it. Pl check if this was a temp problem due to Chinese imports restriction. Or is it still continuing. If so we can make a reference to AS(SEZ)
19	**Endorsement of Service invoices raised under LUT/Bond with Zero IGST**	Services are intangible in nature, spread over a period of time and treatment is not similar to goods. Limit of 45 days for endorsement of service invoices is not applicable since rule 30 (4) lays down this provision only for goods.	Letter dated 24.9.2020 to AS DOC	
20	**MEIS rates for HSN Code 85414012 by DGFT**	Finance Bill changed HSN Code of Solar Photovoltaic Modules from 85414011 to 85414012 and based on the amendment all the customs clearance process has been done under HSN Code 85414012. However in DGFT, MEIS rates are not updated with the changed HSN Code 85414012 and hence MEIS claims are pending	Letter to DGFT issued on 1.9.2020	
21	**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 FEby DTA buyer to make payment to SEZ sellers.	Letter to AS DOC issued on 28.8.2020 for amending the SEZ Act.	This issue was also discussed during a VC meeting with Additional Secretary SEZ on 6.10.2020.
22	**Alloting space of defaulting units to new units pending formal exit**	Defaulter Units generally stop their activities from SEZ; without initiating/ or co-operating in taking the proper Exit order as required under the provisions of Rule 74 from the SEZ authorities. As per Rule 74 'The Unit shall continue to be treated a Unit till the date of final exit.'. This creates problem for developer. Amendment in Rule/clarification is required to enable developers to allot space locked in the old defaulter unit.	Letter dated 24.9.2020 to AS DOC	This issue was also discussed during a VC meeting with Additional Secretary SEZ on 6.10.2020.

Sl No	Subject	Details	Letter No and date	Status by EPCES
23	**Exemption of GST on services rendered and consumed within the FTWZ**	The issue was submitted to Ministry of Commerce & Industry and SEZ Section sent its recommendations to Principal Commissioner (GST-1) and GST Law Review Committee	Letter sent to AS DOC on 10.7.2020	
24	**No export duty on supplies to SEZ by DTA**	U/Rule 27(1) levy of export duty has been levied on DTA supplies to SEZ, if such duty is applicable to exports from India. This should not have been done.This has been struck down by the Court as well. Such supplies should not be treated as "exports" as defined in customs act. At least it should not be applicable for supplies made to the devloper/co-developer and supplies used for manufacture leading to emegence of a different finished gods (involvin substantive transformatiom/processing, tariff shift between inputs and finished goods, value additions, etc.) MEIS incentices should be allowed for DTA exports made though FTWZ.		
25	**Payment of Duty Drawback to FTWZ units**	In FTWZ, a Unit stores goods on behalf of Foreign Supplier (as per Rule 18(5)) when the goods are purchased by the foreign supplier from DTA Supplier. In such cases, as the transfer of consideration is not from the unit account but form the account of Foreign Supplier to the account of DTA Supplier, Duty Drawback is unnecessariliy denied. DTA exporters via FTWZ are losing export incentive. Hence, Rule 24(3) needs to be amended.	Letter was written to AS DOC on 10.7.2020. Amendment as proposed by DoC was recommended by EPCES on 13.8.2020	DoC vide their email dated 10.8.2020 asked for EPCES comments on amending SEZ Rule 24(3) that for supplies from DTA to foreign supplier in FTWZ, the drawback or any other similar benefits scheme shall be admissible where the payment are made in foreign currency by the foreign supplier to DTA. EPCES vide its email dated 13.8.2020 has recommended this amendment. Notification has been sent to DGEP for vetting. Should be issued early
26	**EODB ranking for SEZs/EOUs**	We should have EODB ranking for SEZs and our effort should be to be best	Letter to AS DOC & Secretary DPIIT issued on 16.9.2020 on the subject.	
27	**Softex forms to be in electronic format**			
28	**Transhipment of Containers / Cargo from Port to FTWZ on the basis of transshipment bond**	In a normal SEZ, the Units consume the goods and hence they file Bill of Entry (BOE) at the time of goods being transhipped from Port to SEZ. However, in an FTWZ, the goods are not consumed and they are only warehoused. Further, the volume of containers is many times larger than that in case of an SEZ unit. It is,therefore, proposed that Rule 28(6) and Rule 29(2) be amended to allow transhipment of containers in case of FTWZ units on the basis of the Transshipment Bond submitted at the Port.	Letter was written to AS DOC on 10.7.2020	
29	**Consolidated Bill of Entry in case of ecommerce**	Consolidated Bill of Entry:- Many e-commerce platform supplier supply cheap goods having value less than Rs. 1000/-. If separate Bill of Entry (BOE) is filed for such product, the NSDL charges @ Rs. 100 per BOE become quite disroportionate. Hence it is proposed that a Consolidated Bill of Entry be allowed to be filed for such low value products and highest amount of duty be taken	Letter was written to AS DOC on 10.7.2020	

Sl No	Subject	Details	Letter No and date	Status by EPCES
		from the foreign supplier. Filing of Consolidated bill of entry is already being allowed at Chennai FTWZ. It prevents cost of documentation and reduces delivery time.		
30	**Ease of doing business survey of SEZs**	There should be a regular survey of Ease of Doing Business in SEZs on the pattersn of WB Ease of Doing Business Survey for New Delhi and Mumbai. During this survey regulatory and logistical facilities may be studied and bottlenecks may be identified on the basis of feedback from users so that the same could be addressed. This would help in projecting the facilities and advantages in SEZs to investors on the one hand and in addressing identified regulatory and logistics bottlenecks on the other hand.	Letter to CS, Secretary DPIIT and AS DOC issued on 16.9.2020	A email dated 16.9.2020 has een received from DPIIT on "evalution methodology and questionnaire of Industrial Park Rating System" for the comments of EPCES. EPCES has requested that DoC may consult DPIIT for chalking out the steps.

"SEZs Success Stories: Catalysts of Economic & Employment Growth"

EPCES intends to bring out a revised edition of its publication titled **"SEZs Success Stories: Catalysts of Economic & Employment Growth"**.

The publication will highlights the development taken place in various SEZs in terms of exports, investments, employment generation, manufacturing and infrastructure development etc. apart from company profiles of SEZs along with their photographs. The said publication was found very useful for publicizing the benefits of SEZs Scheme in India and abroad and has been appreciated by all concerned. Copies of the publication were distributed to Ministry of Commerce & Industry, fairs and exhibitions in India and abroad and also to the foreign missions in India and Indian Missions abroad for identifying potential foreign & domestic investors & businessmen.

The revised edition of the proposed booklet **"SEZs Success Stories: Catalysts of Economic & Employment Growth"** will provide **2 pages free of cost to each developer** for publishing the unique selling proposition (USP) of their SEZs along with some photographs of their SEZs indicating manufacturing, exports, investments, employment generation, infrastructure facilities etc.

In addition to the above information developers may also send few success stories of the units in your SEZ who have attracted high investment, new technology, innovations or employment, especially that of women or other disadvantage groups, with photographs/short videos

Since, in the present scenario of COVID -19 the virtual exhibitions are taking place, EPCES will also make a soft copy of the publication and the same will be uploaded on the EPCES website. It will also be sent to the Indian Embassies abroad through the Ministry of External Affairs (Economic Division). The softcopy of the booklet on Indian SEZs will also be uploaded on the MEA website: www.indbiz.gov.in *(subject to approval from MEA)* which is a one-stop source of all information on Indian economy and business environment in India for foreign enterprises.

In case you need any further information/assistance kindly inform us

Kerala-based Techgentsia built its Made-in-India video conferencing solution Vconsol that rivals Zoom, Google Meet

Techgentsia Software Technologies Pvt Ltd., an IT firm based out of Cherthala, in Kerala's Alappuzha district, was selected as the winner in the central government's competition for developing the best video conference solution under the Digital India Initiative.

Shri Joy Sebastian, CEO of Techgentsia

Techgentsia Software was declared the winner of the Grand Challenge for Developing Video Conference Solution by the Government of India. The company claimed that its revolutionary video conferencing solution was 'more secure, faster and reliable than its competitors like Zoom, Google Meet, etc.

'Vconsol', a product of the Techgentsia Software, founded in 2009 by Joy Sebastian, was declared the winner by Union Minister Ravi Shankar Prasad in New Delhi.

Techgentsia will now get financial support of Rs 1 crore, with an additional Rs 10 lakh, for the next three years for operation and maintenance. The product will also be adopted by the Centre through a contract for.

"The competition was held in three stages. The first involved the submission of a proposal. From this, 1983 companies were selected. In the second stage, we were asked to submit the prototype. Here, only 12 companies were selected and we were the only company from Kerala. The central government gave Rs 5 lakh each for developing the prototype. In the third stage, five companies were selected and Rs 20 lakh each was given to three companies and Rs 15 lakh each for two companies," said CEO of Techgentsia Joy Sebastian.

Joy said that 'Vconsol' will now be used by the Centre for video conferencing purposes.

The VConsol video-conferencing app is currently only available to the central government, but the com.

Read more at: https://www.onmanorama.com/business/news/2020/08/22/vconsol-videoconferencing-app-could-become-available-to-the-publ.html ■

Team Techgentsia

INTERNATIONAL SCENE

REVIVING THE GLOBAL ECONOMY THROUGH SPECIAL ECONOMIC ZONES

UAE

Dubai's Free Zone to Bridge the UAE-India Agriculture Trade Gap with Blockchain: Dubai Multi Commodities Centre (DMCC), a free zone intended to boost global commodities trade, has established a blockchain-based agri-commodity trading and sourcing platform dubbed Agriota E-Marketplace to link millions of Indian rural farmers with the UAE food sector.

Indian farmers given an upper hand: Some of the ways of giving farmers a competitive edge entail the timely access of the marketplace and the elimination of intermediaries. The blockchain-powered Agriota platform aims at achieving this by directly connecting Indian farmers with stakeholders in the UAE food industry like wholesalers, traders, and food processing companies. As a result, they will bypass intermediaries allowing them to maximize their income.

By leveraging blockchain technology, DMCC will optimize the UAE's food supply chain by availing standard products, such as condiments, spices, vegetables, fruits, oilseeds, pulses, and cereals.

Boosting UAE's food security: The blockchain platform launch was spearheaded by H.E. Mr Pavan Kapoor, India's ambassador to the UAE. He saw it as a stepping stone to enhancing UAE's food security and propelling trade ties between the two nations.

The Agriota system is expected to offer end-to-end transparency and traceability through last-mile verification and extension infrastructure. Transactions will also be secured through a proprietary banking network with a multi-tier escrow structure. Mr Ahmed Bin Sulayem, DMCC's CEO, noted: "The UAE has a comprehensive plan in place to ensure food security and champion agribusiness trade facilitation, with the ultimate goal of positioning our nation as a world-leading hub in innovation-driven food security. The launch of an innovative model like Agriota will inch the UAE closer to the top of the Global Food Security Index."

COLOMBIA

Government announces decree on free zones: After 21 years, progress will be made in the modernization of the Free Zones to bring more investment. In the end, the aim is to generate employment, generate export capacity in the country and ensure that Colombia in 2022 collects US$ 11,500 million.

Free Trade Zones, the pillar of the country's logistics reactivation: Companies are looking for countries that can give them legal security, and Colombia has been consistent in the free zone regime and has maintained the incentives of these instruments; additionally, Colombia must work on import substitution, to supply the local market and produce for the region.

IRAN

FTZs' Foreign Trade Track Record Since 2013:The amount of investment made by the state-run and private sectors in the free zones has been noticeable in recent years, highlighting that the private sector's contribution has been outstanding in this due. Also, the secretary of Iranian Free Zones High Council Morteza Bank said that eight new free trade zones (FTZ) are going to be established across the country. Iran's free trade zones exported a total of $941 million worth of commodities in the last fiscal year (March 2019-20), which shows a 490% growth compared with 2013. Imports from Iranian FTZs which largely included raw production materials and industrial machinery decreased by 49% in the past seven years. Free zones absorb over $9.7 billion investments in 7 years. Production sector accounts for over 40% of employment in free zones. Services sector account for over 30 per cent of the employment in the FTZs. The whole investment in the special economic zones is made in the production sector and by the private sector. The value of exports from Iran's free trade zones and special economic zones stood at $17 billion during the past Iranian calendar year.

SOUTH AFRICA

Special Economic Zone To Generate 8,500 Jobs: The new Special Economic Zone is expected to create 8,500 jobs, 70% of which will go to local residents in Mamelodi and surrounding areas. The zone, which will serve as an automotive component supplier industrial park, will also give Ford South Africa the distinction of having the world's largest Ford Ranger plant.

DOMINICAN REPUBLIC

Export Free Zones Council has a new director: President Luis Abinader appointed Mr Daniel Antonio Liranzo as executive director of the National Export Free Zones Council. The entity that Mr Liranzo will lead is responsible for creating comprehensive policies for the promotion and development of the country's free zones.

BANGLADESH

10 more economic zones get the nod: Bangladesh Economic Zones Authority (Beza) has approved setting up 10 more economic zones, taking the tally of such areas to 101, out of which work on 28 are currently underway. Beza officials said now they would conduct feasibility studies and start acquiring necessary land for setting up the zones.

MYANMAR

Over one hundred International firms invest over $1.9bn in Thilawa SEZ: A total of 111 multinational companies have invested over US$1.9 billion in Thilawa Special Economic Zone in Yangon Region, and 18 of them are extending their businesses, according to Myanmar Thilawa SEA Holdings Public Co Ltd. Under the special economic zone law, Thilawa SEZ has received US$ 116.557 million in investments including the extended existing investment over the past 10 months this fiscal year, according to Myanmar Investment Commission

RUSSIA

Business is Booming at Technopolis Moscow: Companies based in Technopolis Moscow and its special economic zone have continued to thrive over the last year, with an increase in exports and investments and significant growth in jobs. According to recent figures, high tech exports from the technopolis increased by 32% in 2019, the majority in the microelectronics sector. They are now exporting to 26 countries.

INDONESIA


Businesses in Batam cheer news of SEZs: Amid the economic doom and gloom, businesses in Indonesia's Batam Island have something to cheer about after a top investment council gave the nod to the development of two special economic zones (SEZs) worth $2.1 billion. The Zones to focus on are tourism, digital economy, as well as aircraft servicing.

NIGERIA


Special Economic Zone for Agriculture: The Nigeria Export Processing Zones Authority (NEPZA) and Farmcrowdy, the country's first digital agriculture platform, are currently in talks on establishing an agriculture special economic zone for Nigeria. The country is paying special attention to agricultural development in order to feed an ever-growing population, create jobs and generate wealth to eradicate poverty.

PHILIPPINES


Knowledge-based ecozone launched in Batangas: The Philippine Economic Zone Authority (PEZA) and Batangas State University (BatStateU) have launched the country's first Knowledge, Innovation, Science and Technology (KIST) Park for the development of a more competitive workforce. The KIST is one of the new types of special economic zones (SEZ) to allow the country to make use of idle lands of state universities and colleges (SUCs).

PERU


Special Economic Zones will help accelerate reactivation in Peru: The National Strategic Export Plan (Penx 2025) is working to strengthen the SEZ regime by unifying its regulatory framework and promoting private investment. Likewise, work is on for promoting the development of operational EEZs as logistics distribution centers and production of goods and services with high added value.

Andong, a city in the Gyeongbuk province of South Korea, announced on July 7 that they've been granted a permit to operate a free trade zone for industrial hemp. They additionally announced that they will manage their operations through a blockchain-based platform.

SOUTH KOREA


Considers Blockchain-Run Free Trade Zone: The South Korean government considers a free trade zone for industrial hemp run on a blockchain-based platform. According to Newspim, Gyeongbuk's governor, Lee Chul-woo, held a press conference to reveal the permit granted to the city, allowing them to run the "Special Industrial Hemp Free Zone." This zone aims to present a new model of regional specialized industries by implementing smart farming and high-tech bio-industry solutions.

EGYPT


Suez Canal Economic Zone reports $581.6 million in revenues from 6 seaports: The zone has succeeded in attracting large investments, particularly from abroad. The SC Zone is one of the most important giant projects with great returns and diversified investment opportunities carried out by the Egyptian state. The development project is based on the establishment of an industrial, commercial and logistical centre providing opportunities for developers and investors worldwide. ■

CIRCULARS TO WATCH

MSME EFC nodal officers

We are happy to inform you that to boost the SEZs registered under MSME, Ministry of MSME, Government of India set up Export Facilitation Centres (EFCs) at their field establishments, viz. MSME- Development Institutes.

SEZs and EFCs can work together for the development of MSMEs in the SEZs and also extend support to MSMEs to avail the benefits of schemes and programmes of the Ministry of MSME.

Director (EP), Office of Development Commissioner MSME, Ministry of MSME has a shared list of MSME EFC Nodal Officers with their mobile number and email addresses.

Members may get in touch with these officials to get details about the new policies, incentives and support provided by the government of India for the MSME Sector in SEZs.

[EPCES CIRCULAR NO. 351 DATED 08.07.2020]

Launch of new DGFT platform

Keeping in view the Digital India Programme and for ease of doing business movement of the Government of India, Director General of Foreign Trade has issued Trade Notice No. 16/2020-21 dated 25/6/2020 informing that DGFT has undertaken an initiative to revamp its services delivery mechanisms to promote and facilitate foreign trade. As a step in that direction DGFT has scheduled to Go-Live on 13th July 2020. The platform will become accessible through the existing website: https://www.dgft.gov.in.

The following important points may be noted with regard to the new platform design:

i. Access to the services would be through a username and password based system. The first time logins/user ID may be created through a registration process on the new platform.
ii. For user ID creation, registered mobile number/email ids of the IEC holders will be mandatorily required. The same will be authenticated by the process of OTP/email based authentication process.
iii. Users would have to link their login IDs to their specific IECs. The process of linking would be available post login through Digital Signature/Aadhaar based e-Sign.
iv. Digital Signature (DSC)/Aadhaar based e-Sign will be required for applying and modifying IEC or adding or updating the IEC-linked users. Users may take necessary actions for procuring/updating their information, etc. on the DSC/Aadhaar.

The user profile can be then used by the IEC holders to engage with DGFT and its services. This will enable the user to electronically file their application related to IEC, AA, EPCG, including amendments and redemption, monitoring the status of the application, raising queries, replying to the deficiencies etc. among other services related to the Foreign Trade policy.

The new platform is also designed for smooth migration of legacy (older) data of DGFT and its stakeholders. The existing data will be used for the online processing of the previous applications henceforth. The users will be able to monitor the status of their applications and the pending obligations thereof. These numerous features should significantly benefit the trade community. Users are requested to familiarize themselves about the new platform and its features.

DGFT RAs are directed to intimate the staff/officials about the launch of the new platform. All the staff/officials must have an NIC/GOV email ids with updated mobile numbers. The same will be used in the Back Office (BO) portal of the new platform. RAs are also directed to spread awareness about the new platform among the trade stakeholders. Staff/Officials may also refer to the content about the platform provided to them during the training sessions.

Initially for the purpose of go-live of the first phase and the required systems configurations, the IEC applications and modification process would be suspended from 3 pm on 10.7.2020 till 13.7.2020. A copy of Trade Notice No. 16/2020-21 dated 254/6/2020 is reproduced below for reference.

[EPCES CIRCULAR NO.352 DATED 09.07.2020]

Update from GST Council Secretariat

We are enclosing herewith GST Newsletter issued by GST Council Secretariat, Government of India, New Delhi. The Newsletter provides updates and relaxation, initiatives provided in GST rules and regulations. Some of the updates are as under:-

1. Reduction in late fee for past

GSTR-3B returns

2. Relief for small taxpayers for late filing of GSTR-3B
3. Relief for small taxpayers in filing GSTR3B for subsequent tax period
4. One-time extension in period for seeking revocation of cancellation of registration.
5. GSTR-3B late fee restricted to Rs.500/- for return filed till 30.9.2020 (Notification No. 57/2020-Central Tax, dated 30.6.2020)
6. Period to pass order on GST refund application further extended (Notification No. 56/2020-Central Tax dated 27.6.2020 and Notification No. 46/2020-Central Tax dated 9.6.2020)
7. Time limit for completion or compliance of any action, further extended (Notification No. 55/2020-Central Tax dated 27.6.2020)
8. Companies can verify GSTR-3B and GSTR-1 through EVC (Notification No. 48/2020-Central Tax dated 19.6.2020)
9. Extends validity of e-way bills to 30th June, 2020 (Notification No. 47/2020-Central Tax dated 9.6.2020)
10. Special procedure for merged UTs to continue till 31st July 2020(Notification No. 45/2020-Central Tax dated 9.6.2020)
11. Taxpayers can file NIL returns through SMS in Form GSTR-3B & GSTR-1 (Notification No. 44./2020-Central Tax dated 8.6.2020, Notification No. 58/2020-Central Tax dated 1.7.2020 and MoF Press release dated 8.6.2020 and 27.6.2020).
12. Reduces interest rate for tax period from February to July 2020 (Notification No. 05/2020-Integrated Tax and Notification No. 02/2020-Union Territory Tax, both dated 24.6.2020)
13. Manner of calculation of Interest and Late fee (Circular No. 141/11/2020-GST dated 2.6.2020)
14. GST liability on Directors Remuneration (Circular No. 140/09/2020 dated 10.6.2020)
15. Refund of accumulated ITC (Circular No. 139/09/2020 dated 10.6.2020).
16. Filing application for revocation of cancellation of registration (Order No.01/2020-Central Tax dated 25.6.2020)
17. Payment of GST by real estate developer on shortfall value of inward supplies (DoR Instruction No. 3/2/2020-GST dated 24.6.2020)
18. Petitions filed in various Courts on transitional provisions (F.No.CBIC-20/10/11/2019-GST/1001 dated 22.6.2020 & GSTCOM F.No.423/OM/WP-TRAN-1/2/GSTC/2020/2987 dated 26.6.2020)

[EPCES CIRCULAR NO. 353 DATED 13.07.2020]

Review of Customs duty notifications

As per the budget speech of the Hon'ble Union Finance Minister, TRU Division, CBIC, Department of Revenue, Ministry of Finance has issued Instruction No. 14/2020-Customs dated 21.7.2020, addressed to All Principal Chief Commissioners/Chief Commissioners of Customs/Customs (Preventive), All Chief Commissioners of Customs & Central Excise, inviting suggestions for review of Customs duty exemption notifications, Customs laws and procedures for aligning them with the needs of changing times and ease of doing business.

For collecting crowd sourcing of suggestions for review of existing Customs duty exemption notification/Customs laws and procedures CBIC has instituted a facility at the MyGov Innovate portal (https://innovate.mygov.in/suggestions-for-review-of-existing-customs/) for all the stakeholders/public at large to provide their suggestions online. The last date to submit the suggestions is 21st August, 2020.

This is a very good opportunity for EOUs/SEZ stakeholders to submit their suggestions with regard to review of existing customs duty exemption notifications/ customs laws and procedures, specifically at this crucial time when a number of relaxations are required by the industry.

Please submit your suggestions at https://innovate.mygov.in/suggestions-for-review-of-existing-customs/before 21st August, 2020.

[EPCES CIRCULAR NO. 354 DATED 21.07.2020]

Payment of lease rent by SEZ units

A number of representations were received from EPCES members, requesting the government for waiving off the lease rent of SEZ units in Government SEZs for 6 months. Accordingly the issues were taken up with the Ministry of Commerce & Industry for consideration of the request of SEZ units.

SEZ Division, Department of Commerce, Ministry of Commerce & Industry vide its File No.K-43014(16)/5/2020-SEZ dated 26.8.2020, addressed to the Zonal Development Commissioner with copy to Vice Chairman EPCES has informed that “the matter has been examined in detail and in view of present COVID pandemic, it has been decided that the units in Central Government SEZs may be allowed to clear the first two quarterly installments of the year (2020-21), in six equal installments starting from 1st October, 2020 so that all rental dues are paid up within this financial year".

A copy of the letter No.K-43014(16)/5/2020-SEZ dated 26.8.2020, addressed to the Zonal Development Commissioner is reproduced below for ready reference. Hence SEZ units, operating in government SEZs, can clear the first two quarters rental in six equal installments starting from 1st October, 2020 so that all rental dues are paid up within this financial year.

[EPCES CIRCULAR NO. 358 DATED 26.08.2020]

GST Newsletter of GST Council Secretariat

We are sending as attachment, GST Newsletter for the month of July, 2020, issued by GST Council Secretariat, Ministry of Finance, Government of India, providing updates on the provisions of GST.

As per the newsletter, vide Notification No. 60/2020-CT and Notification No. 61/2020-CT dated 30.7.2020, Government of India notified the revised scheme for implementing e-invoicing only for business with a turnover of above Rs. 500 crore from 01/10/2020. The government amended the earlier Notification No. 13/2020-Central Tax dated 21.3.2020 under Rule 48(4) of the CGST Rules, 2017.

It was informed vide Notification No. 59/2020-Central Tax dated 13.7.2020 that the due date for filing Annual Return for composition suppliers on Form GSTR-4 for the financial year 2019-20 has been extended from July 15 to August 31, 2020.

Vide Notification No. 58/2020-Central Tax dated 1.7.2020 it was informed that The CBIC amended rule 67A of the Central Good and Services Tax Rules, 2017, relating to the manner of furnishing of return or details of outward supplies by short messaging service facility.

[EPCES CIRCULAR NO. 359 DATED 28.08.2020]

Amendment in Export Policy of PPE/Masks

Director General of Foreign Trade, Department of Commerce, Ministry of Commerce & Industry, vide Notification No. 29/2015-2020 dated 25/8/2020, informed that Notification No. 21 dated 28.7.2020 is amended to the extent that the export policy of 2/3 ply surgical masks, medical coveralls of all classes and categories (including medical coveralls for COVID-19) is amended from "Restricted" to "Free" category and these coveralls (including gowns and aprons of all types) are now freely exportable. Medical goggles continue to remain in a restricted category with a monthly quota of 20 lakh units and Nitrile/NBR gloves continue to remain prohibited.

The export Policy of N-95/FFP2 masks or its equivalent masks is revised from "Prohibited" to "Restricted" category. A monthly export quota of 50 lakh unit has been fixed for N-95/FFP2 masks or its equivalent, for issuing export licenses to eligible applicants as per the criteria to be separately issued in a Trade Notice.

Copy of DGFT Notification No. 29/2015-2020 dated 25.8.2020 is available at:

https://content.dgft.gov.in/Website/dgftprod/044dee49-bea7-4bf0-9cb7-5511f5cdab52/Noti%20%2029%20Eng.pdf

[EPCES CIRCULAR NO. 360 DATED 28.08.2020]

Ceiling on MEIS benefits available to exporters

Director General of Foreign Trade, Department of Commerce, Ministry of Commerce & Industry, vide its Notification No. 30/2015-2020 dated 1/9/2020 informed that a limit on total reward under MEIS has been imposed so that for exports made in the period 1.9.2020 to 31.12.2020 the total reward which can be claimed by an IEC holder does not exceed the ceiling of Rs. 2 crore. Further, it has also been notified that any IEC holder who has not made any exports for a period of one year preceding 1.9.2020 or any new IECs obtained on or after the date of publication of Notification No. 30 dated 1.9.2020, would not be eligible for submitting any claim under MEIS.

This notification further clarifies that MEIS Scheme is withdrawn w.e.f. 1.1.2021.

It was further decided that the aforesaid ceiling will be subject to further downward revision to ensure that the total claim under MEIS for the period 1.9.2020 to 31.12.2020 does not exceed the prescribed allocation of Rs. 5,000 crore.

The notification No. 30 dated 1.9.2020 is available at the below link:-

https://content.dgft.gov.in/Website/dgftprod/4a37d60a-f0bf-4783-bc67-a17131168d46/N30E.pdf

[EPCES CIRCULAR NO. 361 DATED 01.09.2020]

Ceiling rates under RoDTEP

This in continuation of our earlier communication dated August 24, 2020 informing that the Government has constituted a committee for determination of ceiling rates under the scheme for RoDTEP.

The Central Board of Indirect Taxes & Customs, Drawback Division, Ministry of Finance vide their letter no. 605/22/202-DBK/862-932 dated August 10, 2020 have requested the Export Promotion Councils/Commodity

Boards/Trade and Industry Association/Chambers of Commerce to provide data with reference to inputs used in respective export products in a specified Format comprising three parts viz. Format – R1, R2 and R3. The copy of the said letter is attached along with Format of R1, R2 and R3 for your reference.

EPCES has taken up the matter with RoDTEP Committee and Department of Commerce to cover SEZ units and EOUs also under the RoDTEP Scheme.

It is further informed that if the underfunded/unrebated taxes and duties for your product are the same as DTA, the concerned product council will be submitting the data about such duties and taxes for the products in the required format.

Still if you think it proper to submit the data with regard to EOUs/SEZ units, kindly submit the data as per the attached Format to the Drawback Division. You can also send you response through Email – atreyee.devroy@gov.in and shakti.singh1981@gov.in

It is informed that the data in the prescribed format is to be submitted latest by September 15, 2020.

[EPCES CIRCULAR NO. 362 DATED 11.09.2020]

IGST and UTGST—extension of period up to 30.11.2020

Central Board of Indirect Taxes & Customs, Department of Revenue, Ministry of Finance, vide Notification No. 65/2020-Central Tax dated 1/9/2020, has extended time limit for completion or compliance of any action, by any authority or by any person, has been specified in, or prescribed or notified under the said Act, which falls during the period from the 20th day of March, 2020 to the 29th day of June, 2020, and where completion or compliance of such action has not been made within such time, then, the time limit for completion or compliance of such action, shall be extended from 30th June, 2020 to 30th day of November, 2020. Notification No. 65/2020-Central Tax dated 1/9/2020 is available at the below link of CBIC:-

https://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-65-central-tax-english-2020.pdf;jsessionid=731EF8E265425E16F667D64D88F8C6A7

[EPCES CIRCULAR NO. 363 DATED 11.09.2020]

Streamlining of Unit Quantity Codes (UQCs)

Director General of Foreign Trade, Department of Commerce has issued Trade Notice No. 26/2020-21 dated 14.9.2020, informing as under:-

"It has been observed that the usage of Harmonized Standard UQC (Unit Quantity Codes) at the time of filing of Shipping Bills of Entry in ICEGATE is being mandated through various public notices issued by customs formations during the month of August 2020. This is in continuation to the efforts being made by both DGFT as well as the Customs Department over the last few years to ensure standardization in the data collection for the purpose of clean data reporting and analysis. It has also been noted that use of Non-Standard and Non-Convertible UQCs lead to poor quality of data capture and related consequences.

However, the Public Notice No.101 dated 18.8.2020 issued by JNCH Mumbai customs has resulted in difficulties for some members of the trade and industry in complying with the standard UQCs in their old Advance and EPCG authorization which have been issued with quantity units that do not match with the standard UQCs being adopted/available now.

In order to address this issue, following has been decided:-

i) No new authorization mentioning Non-standard units such as BoU, packs, Boxes cartons and bottles etc would be issued by RAs. For this necessary changes are being carried out in the DGFT EDI System also.

ii) In order to ensure that exports do not suffer in the meanwhile, for the authorizations already issued and carrying any Non-standard units such as BoU, packs, Boxes cartons and bottles etc., Customs have been requested to allow exports against such authorizations till 30.10.2020 by accepting exporter's shipping bills in the UQCs provided in ICEGATE. After 1.11.2020, export/import without standard UQCs will not be permitted.

iii) In the meanwhile, such authorization holders are requested to approach concerned RA and get the non-standard units indicated in their authorizations in the import and export quantities, converted to standard quantity units. In case RAs face any difficulty in carrying out these amendments, they will get in touch with the concerned Norms Committee (NC) in Hqrs.

Trade notice No. 26/2020-21 dated 14.9.2020 is available at the link:-

https://content.dgft.gov.in/Website/dgftprod/f7c915e3-80b4-46aa-8e40-d22da8517092/Trade%20Notice%2026.pdf

[EPCES CIRCULAR NO. 364 DATED 15.09.2020]

Express Cargo Clearance System

CBIC, Department of Revenue, Ministry of Finance vide Circular No. 41/2020-Customs dated 7/9/2020 has informed that "In order to facilitate exports by courier and to enhance the global competitiveness of India's exporters, Board has decided to allow the facility of Auto Let Export Order (LEO) under the Express Cargo Clearance System (ECCS). The facility of Auto LEO is developed by Directorate General of System and Data Management and ready for launch.

As per this Circular it has been decided, that export goods which are covered under Courier Shipping Bills and are fully facilitated by RMS (no assessment, no examination) and cleared by customs x-ray scanning, shall be automatically given Let Export Order by the ECCS. This will reduce the dwell time of clearance of export shipment through courier.

Circular No. 41/2020-Customs dated 7/9/2020 is available at the link:-

https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2020/Circular-No-41-2020.pdf

[EPCES CIRCULAR NO. 365 DATED 16.09.2020]

VISAKHAPATNAM SPECIAL ECONOMIC ZONE

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

- 53 Operational SEZs with 469 Units and ample vacant land and ready built space available for lease.
- Hassle Free Environment.
- 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.

Sri.A.R.M.Reddy, I.F.S., Zonal Development Commissioner