EPCES NEWS

Volume : 19 Issue : 7 October-December 2021

SHRI PIYUSH GOYAL

Hon'ble Union Commerce Minister Laid Foundation Stone at SEEPZ for Mega Gems & Jewellery Common Facility Centre

ZONE WISE EXPORTS

ZONE NAME	Merchandise exports from April to December 31st FY- 2021-22 Vs FY -2020-21)							
	FY-2021 - 22		FY-2020 - 21		ACTUAL CHANGE		PERCENTAGE CHANGE	
	INR (Rs. In Cr.)	USD (In Million)	INR (Rs. In Cr.)	USD (In Million)	Change In Inr	Change In Usd	Inr terms	Usd terms
KANDLA SPECIAL ECONOMIC ZONE	₹ 1,51,565	$20,626	₹ 86,293	$11,683	₹ 65,271	$8,943	+76%	+77%
DC SEEPZ SEZ MUMBAI	₹ 30,489	$4,150	₹ 17,744	$2,413	₹ 12,745	$1,738	+72%	+72%
FALTA SPECIAL ECONOMIC ZONE	₹ 17,913	$2,438	₹ 8,617	$1,168	₹ 9,295	$1,270	+108%	+109%
MEPZ SPECIAL ECONOMIC ZONE	₹ 15,098	$2,055	₹ 11,218	$1,522	₹ 3,880	$533	+35%	+35%
COCHIN SPECIAL ECONOMIC ZONE	₹ 9,323	$1,270	₹ 6,326	$858	₹ 2,996	$412	+47%	+48%
NOIDA SPECIAL ECONOMIC ZONE	₹ 15,281	$2,081	₹ 12,913	$1,750	₹ 2,368	$331	+18%	+19%
VISHAKHAPATNAM SPECIAL ECONOMIC ZONE	₹ 28,426	$3,869	₹ 25,160	$3,409	₹ 3,267	$460	+13%	+13%
GRAND TOTAL	**₹ 2,68,095**	**$36,490**	**₹ 1,68,272**	**$22,802**	**₹ 99,823**	**$13,688**	**+59%**	**+60%**

ZONE NAME	Software and Service exports Zone wise from April to November 30th (FY-2021-22 Vs FY -2020-21)							
	FY-2021 - 22		FY-2020 - 21		ACTUAL CHANGE		PERCENTAGE CHANGE	
	INR (Rs. In Cr.)	USD (In Million)	INR (Rs. In Cr.)	USD (In Million)	Inr terms	Usd terms	Inr terms	Usd terms
COCHIN SPECIAL ECONOMIC ZONE	₹ 1,10,362	$15,052	₹ 93,746	$12,650	₹ 16,616	$2,402	+18%	+19%
VISHAKHAPATNAM SPECIAL ECONOMIC ZONE	₹ 60,798	$8,291	₹ 49,555	$6,688	₹ 11,243	$1,603	+23%	+24%
MEPZ SPECIAL ECONOMIC ZONE	₹ 74,381	$10,141	₹ 66,872	$9,027	₹ 7,509	$1,114	+11%	+12%
DC SEEPZ SEZ MUMBAI	₹ 76,398	$10,420	₹ 66,380	$8,950	₹ 10,017	$1,470	+15%	+16%
NOIDA SPECIAL ECONOMIC ZONE	₹ 38,126	$5,197	₹ 34,778	$4,689	₹ 3,349	$507	+10%	+11%
FALTA SPECIAL ECONOMIC ZONE	₹ 13,532	$1,846	₹ 12,184	$1,643	₹ 1,348	$202	+11%	+12%
KANDLA SPECIAL ECONOMIC ZONE	₹ 3,796	$518	₹ 3,309	$446	₹ 487	$71	+15%	+16%
GRAND TOTAL	**₹ 3,77,394**	**$51,464**	**₹ 3,26,824**	**$44,094**	**₹ 50,570**	**$7,370**	**+15%**	**+17%**

Figures in INR in Crores, USD in Millions

ALL ZONES

ZONE NAME	FY-2021 - 22		FY-2020 - 21		Actual Change		Percentage Change	
	INR	USD	INR	USD	INR terms	USD terms	INR terms	USD terms
	(Rs. In Cr.)	USD	(Rs. In Cr.)	(In Million)				
Merchandise Exports (Up to December 31st, 2021)	₹ 2,68,095	$36,490	₹ 1,68,272	$22,802	₹ 99,823	$13,688	+59%	+60%
Services Exports (Up to November 30th 2021)*	₹ 3,77,394	$51,464	₹ 3,26,824	$44,094	₹ 50,570	$7,370	+15%	+17%
TOTAL EXPORTS	**₹ 6,45,489**	**$87,954**	**₹ 4,95,096**	**$66,897**	**₹ 1,50,393**	**$21,058**	**+30%**	**+31%**

inside

06

Shri Piyush Goyal Hon'ble Union Commerce Minister Laid Foundation Stone at Seepz for Mega Gems & Jewellery Common Facility

09

Revenue Secretary Holds meeting with SEZ developers and units

Inside

EPCES NEWS

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

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Chairman, EPCES

Alok Vardhan Chaturvedi
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Dear Friends

Bhuvnesh Seth
Chairman, EPCES

"We also appreciate the initiative of Shri Tarun Bajajji, Revenue Secretary and Shri M Ajit Kumarji, Chairman CBIC and all senior officers for having interactions with SEZ developers and SEZ units on 13th and 14th December 2021 and listening to the problems facing them. I hope we will have something positive in the ensuing budget for SEZ sector."

As we thought that Covid is now behind us and that the country is finally coming out of the grip of the unprecedented Covid-19 pandemic, a new variant Omicron has surfaced and threatening the recovery of global economy and resurgence of exports. Daily new cases in the country have increased to 1.79 lakh as on 9th January 2021. The situation may not be as grave as it was during second wave. The Omicron strain may not be as virulent as the delta one. However, trade and commerce is going to be affected adversely due to restrictions imposed by Governments and uncertainties associated with it.

EPCES is thankful to Hon'ble Commerce & Industry Minister for laying down the foundation stone at SEEPZ for a Rs 70 cr Mega Gems & Jewellery Common Facility Centre which will be a centre for skill training and an important Business Facilitation Centre. Hon'ble CIM also announced that SEEPZ will be revamped in the next 3-5 years in order to make it world-class again. We have requested for similar facilities and internal expansion in all Government SEZs – NOIDA, Chennai, FALTA, KANDLA, COCHIN and VIZAG. EPCES is more than willing to suggest the required common facilities and infrastructure to make Government SEZs at least No 1 in Ease of Doing Business in the world.

We also appreciate the initiative of Shri Tarun Bajajji, Revenue Secretary and Shri M Ajit Kumarji, Chairman CBIC and all senior officers for having interactions with SEZ developers and SEZ units on 13th and 14th December 2021 and listening to the problems facing them. I hope we will have something positive in the ensuing budget for SEZ sector.

You will be happy to know that thanks to the persistent efforts made by EPCES, Government has set up RoDTEP Committee under the chairmanship of Shri G K Pillai for finalising RoDTEP rates for SEZ units and EOUs. EPCES had interaction with the RoDTEP Committee in November 2021 and the Committee visited some units in NSEZs on 16th December 2021 and addressed the units. I urge all my esteemed members to submit RoDTEP data as it is in the interest of all of us.

We have also engaged World Free Zone Organisation, a global non-proft free zones' association with over 800 members in 139 countries, for identifying international best practices and suggesting changes in Indian SEZ Regulatory Framework in the form SEZ Plus model.

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

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

Stay Safe,

With best wishes,

Bhuvnesh Seth

Dear Members

Alok Vardhan Chaturvedi
Director General, EPCES

"RoDTEP committee has been set up. We have engaged our knowledge partner M/s Grant Thornton to help our members in submitting correct data in the prescribed format to the Committee at the earliest. We have submitted data in respect of 159 units so far. We may submit data in respect of 67 more soon if we get correct information. I would request all our members to submit data immediately as it will benefit all our members, else the Committee will have to extrapolate and that is generally done on a conservative manner adversely affecting all of us."

So we thought we were through Covid pandemic and we could look forward to global economic recovery. In fact, world was opening up again, our exporters had good export orders and the country was back in action. According to preliminary estimates, India's merchandise export in April-December 2021 was USD 299.74 billion, an increase of 48.85% over USD 201.37 billion in April-December 2020 and an increase of 25.80% over USD 238.27 billion in April-December 2019. India's merchandise export in December 2021 was USD 37.29 billion, the highest ever monthly achievement, which shows an increase of 37.0% over USD 27.22 billion in December 2020 and an increase of 37.55% over USD 27.11 billion in December 2019. However, Covid has struck back. On 9 January 2021, India saw a single-day rise of 1.79 lakh (the level we had on 13 April 2021) new corona virus cases and globally about 19.68 lakh (highest single day rise globally was 9.05 lakh on 28 April 2021). So we are back in the situation of lockdowns, uncertainties and threat to life. Business and livelihoods have become secondary. I am sure and do hope that the situation will not be as critical as it was during second wave.

There is some good news during the quarter. RoDTEP committee has been set up. We have engaged our knowledge partner M/s Grant Thornton to help our members in submitting correct data in the prescribed format to the Committee at the earliest. We have submitted data in respect of 159 units so far. We may submit data in respect of 67 more soon if we get correct information. I would request all our members to submit data immediately as it will benefit all our members, else the Committee will have to extrapolate and that is generally done on a conservative manner adversely affecting all of us.

During April-Dec 2021, Merchandise Exports from SEZs have grown by 60% to USD 36.4 billion while services exports have grown by 17% to USD 51 billion and thus total exports from SEZs increasing by 31% to USD 87.9 billion. You will be happy to know that exports in SEZs have grown at a higher pace as compared to the overall exports of the nation.

While EPCES has engaged World Free Zones Organisation for giving high level recommendations for changes in Indian SEZ Regulatory Framework, D/o Commerce invited EPCES's comments on partial de-notification of IT/ITES SEZs and allowing INR payments for supply of services to DTA. Revenue Secretary also had interactions with representatives of SEZ Developers and Units. Commerce Secretary is also actively pursuing with Finance Department our demands. I hope we may hear some good news about SEZ sector in the coming budget.

Among our regular articles, you will find information about the status of issues taken by the EPCES with the Government, export data of SEZs, and details of queries answered by our knowledge partner in addition to activities at headquarter and Regional levels.

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

Best wishes,

(Alok V Chaturvedi)

4

Shri Piyush Goyal Hon'ble Union Commerce Minister Laid Foundation Stone at SEEPZ for Mega Gems & Jewellery Common Facility Centre

Shri Piyush Goyal Hon'ble Commerce & Industry Minister laid the foundation stone for a Mega Common Facility Centre for Gem and Jewellery sector, at the Santacruz Electronic Export Processing Zone (SEEPZ) Special Economic Zone (SEZ) on 18th December, 2021.

The Mega CFC is a dream project worth Rs. 70 crore and would be an epicentre of skill training and an important business facilitation centre situated in the heart of the country's significant manufacturing centre for gems and jewellery. It will be one of two such facilities (the other being at Surat) which will provide cutting-edge technology for manufacturing and other allied processes of the gem and jewellery sector. The Centre will also provide skilling and training support to build a competent workforce. The Indian gems and jewellery industry has the largest skilled workforce of 4.5 million as on date.

The Minister expressed the hope that the work of revamp of SEEPZ would lead to a gradual reconstruction of entire SEEPZ in next 3 – 5 years. The Minister urged the industry and SEEPZ to work in tandem to accomplish this. The Minister said that we must make SEEPZ world-class once again.

The Minister exhorted the gem and jewellery industry to aim higher. "The gem and jewellery sector has power, promise and potential to truly realise the dream of Prime Minister Shri Narendra Modi. It's time now to make this gem and jewellery sector in India a truly global champion, reflecting India's promise, capabilities and trust. The Minister said that the government will do everything to reach the outstanding export numbers that GJEPC aims to achieve.

GJEPC Chairman Shri Colin Shah that the mega CFC at SEEPZ will redefine the future of the G&J industry. He added that the Mega CFC will facilitate the required technology to boost the exports from the SEEPZ. "Currently the SEEPZ contributes around USD 3 billion to our total gem and jewellery exports annually, but with better infrastructure and technology, the SEEPZ definitely can contribute to exports of USD 7 billion to USD 10 billion annually."

Zonal Development Commissioner, SEEPZ SEZ Shri Shyam Jagannathan stated that the new Mega CFC will give a fillip to small manufacturers to scale up their quality of production and this, in turn, will further contribute substantially to the exports of the country.

The mega CFC, will provide common manufacturing processes and related services to jewellery units. This will not only help to reduce the cost of production in a big way but also lead to the transfer of know-how amongst these units, thereby providing a competitive advantage to them.

The new facility will also provide access to a common pool of high-end capital-intensive state-of-art machines. It can provide a wide spectrum of ancillary services such as CAD CAM, electroplating, fire assaying, manufacturing and 3D metal printing, along with providing consultancy, R&D and training.

Shri Vijay Guajarati, CGC Member, EPCES, speaking during the occasion

Certificate of Origin – Non-Preferential

Dear • Member,

As you are aware, Export Promotion Council for EOUs & SEZs has been authorized to issue Non-Preferential Certificate of Origin throughout India as per DGFT Public Notice No 30/2015-20 dated 18.10.2021 read with Public Notice 29/2015-20 dated 18.10.2021. It will be issued at the prescribed fee of Rs 236/- per COO (including GST) through the common DGFT electronic platform as per the following link:

https://coo.dgft.gov.in/

It is requested that Members wishing to have Non-Preferential COO may kindly get them registered on this online facility and use the Non preferential COO issued by EPCES. Many of our members are already registered on this online facility and they are requested to get COOs issued through EPCES. We will be issuing the COO on the same day.

Registration Manual for registering with this online facility and Exporters Manual (Applications Process) are available at the following links

https://coo.dgft.gov.in/manuals/RegistrationManual.pdf

https://coo.dgft.gov.in/manuals/Exporter-Manual.pdf

During the application process, Members are requested to select Export Promotion Council for EOUs & SEZs against the field "Issuing Agency" and Export Promotion Council for EOUs & SEZs- New Delhi against the field "Regional Offices"

Members may also reach out to the following officials as given below for any queries/clarification/support.

1. Shri Naveen Saxena, Assistant Director – accounts@epces.in Mobile - 9911264161
2. Shri Vikrant Sharma, Executive –membership@epces.in Mobile – 8010781257

Thanking you

EPCES

Revenue Secretary Holds meeting with SEZ developers and units

Two meetings under the chairmanship of Revenue Secretary, Ministry of Finance, were scheduled on 13/12/2021 with SEZ Units and 14/12/2021 with SEZ Developers and FTWZ Units to assess challenges being faced by them. The objectives of these meetings were to understand the difficulties, issues about Special Economic Zones (SEZs) Stakeholders, including restoration of tax benefits, among others and suggestions for ways to reform/ improve the SEZ scheme. Chairman EPCES Sh. Bhuvnesh Seth, Vice Chairman Sh. Srikant Badiga, Sh. Alok Mukherjee, EPCES CGC members and other unit holders from Different zones were invited to the meeting. While interacting with Revenue Secretary, Unit Holders brought up various issues facing SEZ developers and units. Key issues discussed were as follows:-

- DTA units should be allowed in SEZs (coexistence) with proper monitoring on the same pattern as EoUs are there in DTA. Proper records and monitoring may be enforced through SEZ customs. This should be easily feasible in these days of electronic recordkeeping.
- Partial floor wise/unit wise de-notification of SEZ may be allowed with continued access to common facilities/area, particularly in case of IT/ITES/ service SEZs.
- SEZ units should be asked to refund duties on inputs for the supplies made to Domestic Tariff Area (DTA) (instead of payment of full Custom Duties on finished products) as is the case with EOUs and under Manufacturing & Other operation in Warehouse Regulation' (MOOWR) scheme. This will promote manufacturing and Value addition in SEZs.
- SEZ units should be allowed to do job work for DTA units for better capacity utilisation.
- SEZ units should be allowed to get payment in INR for supply of services to DTA.

- Clarification regarding the liability of payment of GST/ Custom Duties on the services involving supply of goods by units to Foreign Client.
- Multiple LOAs should be allowed in the same premises.
- SEZs should be treated as EDI ports.
- Supplies from SEZs to FTWZ Should be treated as physical Exports.
- Services rendered by FTWZ units to Foreign Clients need to be considered as exports and therefore to be zero rated under IGST.
- Extension of ICEGATE to SEZ.
- Allow dual utilization of common infrastructure such as WTP and ETP facilities across SEZ and DTA units, upon payment of duty on depreciated value on a proportionate basis as applicable.

Concluding the meeting, Revenue Secretary thanked all the invitees for such a meaningful and fruitful discussion. He assured that all the suggestions have been noted and they will be pursed /acted upon within a reasonable time. The Meeting ended with of thanks to the chair.

Electronic Data Exchange (EDI) is a valuable tool for optimizing import and export operations at ports. The information flows produced around cargo movement at ports and the engagement of different public and private stakeholders is driving the use of technology for the secure exchange of sea shipping paperwork

8 RoDTEP Committee Set up for SEZs and EOUs – Committee Visits Noida SEZ

The government has constituted a committee for the determination of RoDTEP rates for exports from special economic zones (SEZs) and export-oriented units (EOUs), as these sectors were left out in the earlier exercise. Exporters from the pharma, steel and chemical industries, export-oriented units (including bio-technology parks and electronic hardware technology park), Special Economic Zones (SEZ), free trade warehousing zone and custom bonded warehouses operating under the Manufacturing and Other Operations in Warehousing Regulations are kept outside the scope of the new scheme. Many exporters have expressed their concerns and have suggested that the rates declared require immediate review. Few exporters cited their inability to submit details/data, as required by the Government, due to the current situation prevailing in the country on account of the pandemic.

The government has projected RoDTEP as a replacement of MEIS, even though both cannot be equated, inherently since MEIS has been an incentive while RoDTEP is remission of tax/duty 'costs' which has found its way in export pricing. While the government's compliance with the WTO mandate is understandable, the exporter community has been comparing the benefits under MEIS with RoDTEP, and therefore drawing a gloomy picture. Exporters might likely revisit pricing strategies very soon to re-align the prices in accordance with the new scheme. While industry representatives feel that the government must devise suitable schemes to incentivize exports, the government is discussing measures to introduce appropriate structures that serve the twin objective of rewarding the exporters, while surviving the test of WTO mandates.

Figure 2 Glimpse of the meeting

Under the RoDTEP, various central and state duties, taxes, and levies imposed on input products, among others, will be refunded to exporters. The three-member committee is chaired by former secretary G K Pillai, former CBEC member Y G Parande and former customs member Gautam Ray. This committee have been constituted for maximum interaction with the administrative Ministries, Export Promotion Councils, Commodity Boards, Trade Bodies and other stake holders, so as to elicit their views for determining RoDTEP rates for AA/EOU/SEZ exports and to work out the modalities for calculation of duties/ taxes/ levies at the Central, State and Local level, borne on the exported product, including prior stage cumulative indirect taxes on goods and services used in the production of exported product and such indirect duties/ taxes/ levies in respect of distribution of exported product and recommend in their report the ceiling rates for RODTEP for AA/EU/SEZ exports. The Committee may take into consideration the incidence of such duties/ taxes/ levies on exports and other relevant factors as deemed fit. Further, to give supplementary report/ recommendations on issues or representation, if any, arising from the report of the erstwhile RoDTEP Committee as well as report of the incumbent RoDTEP Committee. This review may not be a general review and restricted to only removal of apparent errors or anomalies, as pointed out by the trade/associations/line ministries.

After Examining the requisite data, Committee will submit its report to the Government within a total period of eight months (six months for submission of report for determining RoDTEP rates for AA/EU/SEZ exports and another two months for the supplementary exercise). Joint Secretary (Drawback) shall be the Secretary to the Committee. The Committee shall be serviced by the Drawback Division in the Department of Revenue, Ministry of Finance.

Approached made by EPCES –

The Ministry of Commerce & Industry through its Vide Notification 19/2015-20 dated 17.08.2021 announced a scheme of RoDTEP. However, in RoDTEP scheme notified, SEZs and EOUs units were excluded. But, in the notification, it was stated that rates of SEZs and EOUs shall be included later based on the recommendation of the RoDTEP Committee. With the efforts of the EPCES and various meetings held between EPCES and MoC, MoF, Govt. of India constituted a committee on 18.10.2021 for, inter alia, determining the rates for RoDTEP for SEZs and EOUs.

As we know the RoDTEP committee held their First Meeting on 15.10.2021. Based on this, on 28.10.2021, the MoF requested the EPCs, trade bodies and other Chamber of Commerce to provide data concerning the inputs used in the export products within 3 weeks. In this regard, EPCES had a meeting with the RoDTEP Committee wherein after requesting EPCES, it was decided to extend time till 30.11.2021. In order to complete this exercise expeditiously, EPCES consulted its knowledge partner Grant & Thornton, as they had drafted the earlier proposal submitted by EPCES in February 2021 for inclusion of SEZ units & EOUs before the RoDTEP Committee. Thereafter, a meeting of some members of the EPCES, Central Governing Council were held to discuss the scope of work and financial terms for collection, sanitising and categorisation of data received from members of the EPCES. After detailed discussion, a proposal was finalised and methodology for obtaining the requisite data was prepared. Thereafter Grant and Thornton had started the work and held nationwide webinars in hybrid mode. In these hybrid webinars with EPCES members, GT Explained their queries raised by members and examined the information received. Subsequently, EPCES has shared its members data with the RoDTEP Committee members.

On 16.12.2021, A visit was made by the RoDTEP Committee, which was Headed by Mr. G.K. Pillai at Noida SEZ. The primarily objective of such visit was to understand the data was Submitted before Committee members by the Noida SEZ units and EOUs. The meeting took place at 10.30Am. Development Commissioner NSEZ Shri Bipin Menon, Director General EPCES Shri Alok Chaturvedi, officials from MOC&I, representatives from Grant & Thornton along with Few EPCES CGC Members among were present at the meeting. In the said meeting Committee members have found some discrepancies related to the data submitted. They raised their issues to the council representatives and asked to provide revised data. Thereafter, EPCES shared all such Issues to the Concerned members and submitted the revised data in requisite format.

"Speaking at a webinar- Special Secretary S. Kishore Said" recognizing the pivotal role played by SEZs in pushing the country's exports, several reforms have been introduced and these include digitization of processes and promotion of green zones to attract FDI. Measures like extension of the RoDTEP scheme to SEZs and EOUs are in the pipeline to make SEZs more investor friendly and leverage geopolitical phenomena," he said. He added that there is strong inter-ministerial coordination for addressing policy issues and promoting Indian special economic zones (SEZs) as readymade land banks that offer plug-and-play facilities. He said the Indian SEZs offer state-of-the-art infrastructure that will help in establishing" India as the global manufacturing hub, and the government is committed to making them more inclusive for all sectors.

10

Shri S Kishore, Special Secretary (SEZ) Holds Meeting to Discuss INR payment for Supply of Services to DTA

An online meeting under the chairmanship of Shri S. Kishore, Special Secretary, Department of Commerce was held on 29.12.2021 to discuss the proposal to amend section 2(z) of the Special Economic Zones Act, 2005 by omitting subclause "(iii) earn foreign exchange". In the meeting Shri S. Kishore, Special Secretary, Shri Vipul Bansal, Joint Secretary (SEZ), Shri Darpan Jain, Joint Secretary (TPD Services), Shri Senthil Nathan S, Director, Shri Sumit Kumar Sachan, Under Secretary, From Other Ministry/ Departments - Shri R. C. Sankhla, Pr. Additional Director General, DGEP, Shri G. D. Lohani, Joint Secretary, D/o Revenue, Ms. Reetu Jain, Economic Advisor, DEA, Dr. Ishita G. Tripathy, Additional Development Commissioner, M/O MSME, Ms. Manjusha Chourasia, Scientist D, Meity, Shri S. Satyanarayana, Joint Director, DEA, Ms. Gargi Sharma, Addl. CIT, TPL, CBDT and other representatives from the trade bodies.

At the outset, Shri Senthil Nathan S, Director, DoC welcomed all participants on behalf of Chair and briefly explained the agenda of the discussion and called for the views of the participants on the proposal. D/o Economic Affairs (DEA) sought to understand the position about the fiscal benefits which are still available to units in SEZ. D/o Revenue (DoR) raised concern on the possible adverse effect of amendment proposed in respect of MSME units in DTA.

In the meeting, Representatives of International Financial Services Centres Authority (IFSCA) flagged that the proposed amendment could be in conflict with the provisions of the IFSCA Act which mandated that all transactions of IFSC units should be in forex only. When it was clarified that the proposed amendment would merely enable SEZ units to supply services to DTA against INR payments and would not prevent a SEZ unit from receiving payments in forex as allowed under current law, representative from IFSCA stated that in such a case, they do not have any objection to the proposed amendment. Similarly, Developers body representatives such as APREA, NAREDCO supported the proposal and stated that the amendment will make SEZ units more viable economically and in turn, would help the Developers to minimise vacancies in built-up area. Subsequently, Industry representatives viz. NASSCOM, ASSOCHAM, CII also supported the proposal. Further, they also stated that they represent members who fall in category of MSMEs in DTA. As such, they had consulted their members including DTA entities and accordingly, are of the view that the proposed amendment which is merely an enabling provision will not affect the DTA entities adversely.

After an inclusive and wider detailed discussion, the meeting was summarized with the note that the views expressed by all participants may be sent to Department through email at the earliest. Thereafter the meeting ended with vote to the chair.

EXPORT PROMOTION COUNCIL FOR EOUs AND SEZs

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Alok Chaturvedi
Director General

EPC/SEZ/AM19/A-17
31st December, 2021

Dear Kishore,

Please refer to the discussions held in the meeting on 29.12.2021 under the chairmanship of Shri S Kishore, Special Secretary (SEZ) to discuss issues pertaining to draft Cabinet Note for amending Section 2(z) of the SEZ Act,2005 and the minutes circulated.

2. The comments of the EPCES are as under:

2.1 The definition of "services" should just define services and not whether the payment for the services is made in foreign exchange or in Indian Rupees. In fact, there is no need of having any definition of "services". "goods" and "services" have been defined in the Central Goods and Services Tax Act 2017 and the same should be applicable under the SEZ Act.

2.2 Under the Central Goods and Services Tax Act 2017, "goods" and "services" have been defined as under:

2.2.1 Section 2(52)

"goods" means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply; "

Section 2(102)

"services" means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged.

Explanation: For the removal of doubts, it is hereby clarified that the expression "services" includes facilitating or arranging transactions in securities."

2.3 Similarly, export and import of goods and services are defined under the Integrated Goods and Services Act, 2017. The same should be applicable under SEZ Act.

2.4 However, if it is decided to keep a separate definition under the SEZ Act, EPCES agrees with the proposal for deletion of Section 2(z)(iii) on the following grounds

2.4.1 It does not serve any purpose.

2.4.2 There is no logic of having domestic transactions in Foreign exchange when the two transacting bodies are situated in India only. There is no need of promoting Foreign Currencies at the

1

cost of INR. Instead, we should promote transaction in INR wherever possible. Regulation of RBI would disallow free foreign exchange transaction between two entities located in India; hence rupee denominated DTA business is mandatory. Even under exceptions, the procedure of having forex payment for local transactions is cumbersome and avoided.

2.4.3 DTA units have to buy foreign exchange unnecessarily to pay to SEZ unit which is in India only. There is no justification for that.

2.4.4 There is no such requirement for goods. DTA units pay in INR for the goods supplied to DTA.

2.4.5 The concerns raised by D/o Revenue (DoR) regarding the possible adverse effect of amendment proposed in respect to units of MSME units in DTA is unjustified and a bit far-fetched. It is not the case that SEZ units cannot supply services to DTA units or DTA units cannot supply services to SEZ units. The provisions of SEZ Act are for units situated in SEZs. The local transactions of SEZ unit do not enjoy any tax benefits (direct or indirect). Thus, the GST liability for services provided is same for SEZ and DTA unit and the revenues generated from such business are liable for Income Tax under regular tariff.

2.4.6. Government should promote ease of doing business for both SEZ and DTA units. Consolidation of transactions (exports & domestic deals) at same location confers operational efficiency for the SEZ unit; an essential ingredient for business viability.

2.4.7 This provision creates problem in providing services by SEZ units to Government/PSU customers in DTA as they are reluctant to buy foreign exchange for services procured from SEZ units.

3. The comments received from some of our members are also attached.

With regards,

Yours

Alok Chaturvedi

To

Shri S Kishore
Special Secretary
Ministry of Commerce & Industry
Udyog Bhawan
Government of India
New Delhi

2

WFZO asked to give recommendations for "SEZ Plus"

Dear Members,

As you are aware that EPCES had signed an ALL-IN-ONE Agreement with the World Free Zones Organization last year. MoU was a part of EPCES's continuing efforts to establish cooperation and support economic zones around the world through World FZO's full range of free trade zone services. Since then, EPCES has been in touch with the World Free Zones Organization for a study regarding implementing best practices in Indian SEZs. It has been envisaged that the proposal will lead to export growth, direct member connect, regulatory, policy and administrative benefit and personnel development. The focus points of the Study are to Design a India-specific SEZ model focused on facilitating trade with a view to increase our competitiveness in attracting FDI through its existing SEZ framework, Accelerate growth of India's manufacturing Industry Increase India's global market share in exports and Recommend for the way forward for SEZ plus. In view of above, we are glad to inform, we have accepted their proposal and commenced the study.

Introduction

The government has set ambitious targets to advance its economic growth. SEZs, facilitate over 30% of the country's total exports, can be used as effective tools to achieve these targets as they have been contributing immensely to the country's economic development. The Ministry of Commerce and Industry has recognized the need to upgrade India's existing SEZs and create new zones for continued success and sustenance of their special economic zones, called 'SEZ Plus', a strategic shift to high value added, tech-based zones. SEZs in India face perception-related issues together with low levels of international exposure, having failed to attract significant FDI over the last five years. "Brand India" is not perceived as desired. Therefore, the Indian government aims to improve the Ease of Doing Business, customs clearance procedures and port logistics along with developing the required infrastructural framework for maximizing exports using its strategic location advantage. Policy issues need to be addressed in the short and long term, with changes which may take 6 – 12 months. Infrastructure improvements will require more time. Manufacturing SEZs require clarity in regulations, including the removal of multiple exemptions and simplified fiscal incentives schemes. Foreign investors are missing out on India's untapped export potential by mainly serving the huge domestic market. India's SEZs can benefit from current trends such as nearshoring and reshoring as well as exporting companies relocating and foreign investors moving away from China. Identification of suitable export markets, product segmentation, creating regional competitive advantage while mapping the sustainability of these businesses is crucial given the changing global value chains accelerated by the pandemic. For example, India could potentially capture 3 – 5 % of China's exports with a value of USD 2.6 trillion per annum. Furthermore, Indian SEZs can leverage key strengths such as a large domestic market with population of 1.3 billion and as well as grow exports. ASEAN frontrunners such as Thailand, Vietnam and The Philippines have and outbound focus, without the opportunity to leverage a large domestic market as a springboard. The SEZ Plus model will help companies optimize their supply chains and benefit from untapped export potential.

Objectives

This project aims to design a unique Indian-centric SEZ model, focused on facilitating trade, presented in a report, with view to:

1. Increase India's competitiveness in attracting FDI through its existing SEZ framework
2. Accelerate growth of India's manufacturing Industry
3. Increase India's global market share in exports.

Anticipated Outcome

An India-centric SEZ Model Plus, which van be piloted and implemented by EPCES in existing manufacturing SEZs. The SEZ Plus model will help companies optimize their supply chains and benefit from untapped export potential, Direct benefits for (the government of) India include: - Direct export growth - Increased trade with domestic market resulting in Import Substitution - Competitive advantage, strategic edge - Manufacturing competitiveness - FDI attractiveness index improvement - Unified scheme under all Ministries into a single umbrella - Regulatory ease, policy clarity, administrative simplification - World FZO tools and techniques for SEZ Plus model development.

Indirect/ intangible benefits include:

- Job creation - Increased tax revenues - Increased Ease of Doing Business - Human Capital Development - Technology transfer and skill enhancement - Improved investor confidence - Simplified procedures - long term partnerships/ collaboration.

About the World Free Zones Organization

The World Free Zones Organization (World FZO) is a global non-profit free zones' association. World FZO's purpose is to bring together free zones and stakeholders and promote their positive impacts by providing guidance, knowledge and services to enhance free zones' contribution in the economic prosperity and social development of their host country. Registered in Geneva in 2014 and headquartered in Dubai, with over 800 members in139 countries, World FZO has a global footprint through its 11 regional offices, 41 national contact points and six ambassadors. A number of value-added services are provided in the areas of knowledge management, networking and support services. World FZO holds annual conferences – the 2021 conference was attended by more than 4,000 experts from141+ countries -, produces regular publications, including studies and reports; and offers technical assistance and capacity-building through various formats, ranging from workshops and consultancy services to executive training programs. One key, future-oriented initiative is the Free Zone of the Future (FZF) Program, which is bundling the technical assistance and capacity-building activities of the organization. The Program will enable FZ to improve their overall operational and trade efficiency and thereby better contribute to the prosperity of the countries in which they are located.

Abrogating the NFE Criterion of SEZ – EASE of Business

VIEW POINT

One of the basic objectives of the SEZ policy of the Central Government was to provide an impetus to exports. In this context participation from Private Companies were sought to develop world-class infrastructure to support the operations of exporting units, thereby earning foreign exchange for the country.

The condition stipulated for entities to function from the processing area of the SEZ was to have 'Net Foreign Exchange' (NFE) positive parameter for earnings over a period of 5 years. Simplistically, it denoted that the forex inflow (revenues earned from exports) should exceed the forex outflow (expenditure on imports and expenses incurred on travelling abroad & export charges).

The NFE criterion neither restricted the domestic business of occupants nor mandated the quantum of forex as surplus earnings necessary to operate from the SEZ premises. However, having an export business / overseas client was essential for a local unit to seek accommodation in the SEZ.

A progressive business environment does not discriminate with customers – whether local or overseas; and caters to both with equal measure. The driving factors for sales being – 1) demand of product or service in a particular market & 2) client acquisition.

Local (DTA) business is undertaken if local demand is huge; and owing to easement in logistics. Also, lack of marketing support & out-reach to overseas customers prohibit customer acquisition, thereby diminishing export potential.

However, opportunities for export are seized by DTA units to expand their market base and boost their earnings.

Under the aforesaid circumstances, it would be prudent to accord freedom to business units to assimilate with the global market and compete with the demand-supply cycle. In this context, support needs to be given through excellent infrastructure – i.e. well-maintained and well-connected office / manufacturing spaces. Therefore, flexibility to DTA units to operate from the SEZ premises is necessary.

The SEZ environment of fully-serviced destinations (in terms of building & allied infrastructure, logistics, business approvals, assured power-supply, in-house customs support, etc.) would enable DTA units to seek overseas business.

Besides, units of SEZ would focus on domestic business under peculiar circumstances (economic slow-down, pandemic, overseas turmoil, etc.) and boost the local economy. This would also ensure that the employment of these units remain intact, thereby avoiding social unrest.

Nevertheless, prospects of servicing an overseas client would always be grabbed whenever available to the DTA units; which would enhance their valuation.

Thus, it would be imperative to abrogate the revenue criterion of "NFE positive" for units desirous to operate from the SEZ premises.

Co-existence of EOU and DTA units would enhance competitiveness of participants and visibility for goods & services rendered from a particular destination.

Srikant Badiga, Vice Chairman EPCES

16 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

S.No.	Subject	Details	Letter No and Date	Status by EPCES
1.	**RoDTEP for SEZ and EOUs**	SEZs and EOUs should also be covered RoDTEP	Data sent to RoDTEP Committee on 28.12.2020	RoDTEP Committee has been set up by DoR. Committee visited NSEZ on 15.12.2021 and visited some SEZ units and EOUs. As on 30.12.2021, data in respect of 141 units has been submitted to the RoDTEP Committee. 75 units have been requested to submit Annexure B data with supporting documents for RoDTEP Committee.
2.	**1. Extension of ICEGATE to SEZ.** **2. Exemption to units from payment of charges for SEZ Online**	1. CBIC may be requested to extend ICEGATE to SEZs as the customs officers are already there who can be authorized to operate that system. 2. SEZ units have to pay for all transaction in SEZ Online System for export/ import/DTA to SEZ/SEZ to DTA etc., whereas for DTA exporters and importers, no charges are levied by ICEGATE. Hence, on the pattern of ICEGATE, SEZ Online charges should be borne by the Government.	Letter to AS DOC was issued on 08/09/2020	1. EY completed the study about the costs in case of extension of ICEGATE to SEZs vs costs in SEZ online. The Report has been submitted to the D/o Commerce on 7.4.2021. 2. SEZ Online charges have been reduced by 50% w.e.f. 15.11.2021.
3.	**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 unit's vis-a-vis DTA units. Further, as part of Ätmanirbhar Bharat" Initiative, India is importing many products from FTA countries at zero duty. Similarly, other items are being imported. In order for import substitution and towards the cause of "Atmanirbhar Bharat", there is a case of allowing such products to be manufactured in SEZs/EOUs and sell in DTA at zero/concessional duty.	A number of representations were made to DOC, MOF	Commerce Secretary and Revenue Secretaries have been reminded. Chairman and Vice Chairman EPCES and other members attended the meeting called by Revenue Secretary on 13/14. 12.2021 where this demand was raised again.

S.No.	Subject	Details	Letter No and Date	Status by EPCES
4.	**Payment in INR to SEZ units selling services in DTA**	As per Sec 2(z) of SEZ Act, services mean such tradable services which earn foreign exchange. If a SEZ unit sell services in India, as per SEZ Policy, he has to accept payment in foreign currency only. This causes avoidable wastage of time and money. This needs to be amended and clarification issued. There is no point in buying FE by DTA buyer to make payment to SEZ sellers. Unfair criterion for Services SEZs needs to be eliminated to prevent relocation of business to overseas Tax-Free destinations of Philippines, Vietnam, Thailand, etc. resulting in diminishing employment avenues for our educated youth.	Letter to AS DOC issued on 28.8.2020 for amending the SEZ Act.	SS(SEZ) had called a meeting on 29.12.2021 to discuss the proposal for amendment in Sec 2(z0, SEZ Act as formulated in the draft Cabinet Note. EPCES and other members have given their views in support of the proposal for deletion of Sec 2 (z)(iii) which states that services should earn foreign exchange.
5.	**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 period 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.
6.	**Co-existence of DTA units in SEZs Partial Denotification/ debonding of SEZ units**	In case of IT/ITES SEZs, it is possible to have coexistence of SEZ and DTA units and therefore there should be a provision of unit-wise/ floor-wise/building-wise debonding system where DTA units can operate.		A meeting was called by SS(SEZ) to discuss this proposal on 17.11.2021. Following the meeting, a detailed proposal was submitted to SS(SEZ), D/o Commerce. This issue was also discussed in the meeting taken by Revenue Secretary on 13.12.2021.
7.	**Simplification of Exit Process - Allotting 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.'.	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.

S.No.	Subject	Details	Letter No and Date	Status by EPCES
		This creates problem for developer. Amendment in Rule/clarification is required to enable developers to allot space locked in the old defaulter unit.		
8.	**Clarification regarding the liability of payment of GST/Custom Duties by EOU (E) in case of printing of books by EOU (E) on the orders of the foreign client (F) and supply of the same under Para 6.09(b)on behalf of the foreign client (F) to DTA buyer (D) who are buying the same from foreign client (F)**	Books are printed by EOU on the orders of foreign client. The contents of the books are supplied to the EOU by the foreign client. The raw material such as paper, etc. is arranged by the EOU which is used in the printing of books. The EOU gets paid in foreign exchange by the foreign client. EOU supplies (not sale) the printed books on the instructions of the foreign client to DTA buyer under Para 6.09 (b) of the FTP. There is no financial transactions between EOU and DTA buyer. DTA buyer makes the payment to foreign client for the books. The following clarification is needed in this regard: i. Is the EOU / DTA unit liable to pay GST ? ii. Is the DTA unit/ EOU liable to pay Customs duties, if any?	letter no EPC/SEZ/AM19/A-14 dated 28-04-2021 to Member (GST/TP) CBIC Department of Revenue.	The matter has been taken up with D/o Commerce and D/o Revenue on 28.04.2021. This issue was again taken in the meeting called by revenue Secretary on 14.12.2021.
9.	**Clarification reconsideration of Instruction No 95 dated 11.6.2019 reg provision of facilities/amenities by units under Rule 11(5) of the SEZ Rules**	Some SEZ units located in Gurugram/NOIDA have been asked for recovery of GST/Custom Duties for any exemption availed by the units for the space, goods, and other services used in setting up and running of Cafeteria, Medical room, Recreational room, Gymnasium, Crèche, Break-out area etc in the background of the Instructions no 95 dated 11.6.2019. Instructions may be reexamined and necessary clarification/amendment may please be issued.	Letters no. EPC/SEZ/AM19/A-14 dated 18/03/2021	A Letter has been addressed to Additional Secy (SEZ) on dated 18/03/2021 from DG EPCES requesting for instructions may be re-examined and necessary clarification/amendment may please be issued. A reminder has also been sent. This issue was again taken in the meeting called by revenue Secretary on 14.12.2021.
10.	**Restoration of provisions for duty free Imports of essential embellishments trimming, tools, consum-able to be used in exports**	The Provision for duty free imports of electric items, essential embellishments, trimmings, consumable, etc. to be used in the manufacture of handicraft, garments and leather items to be exported. There is no loss of revenue to Government but it is important provision for ease of doing		

S.No.	Subject	Details	Letter No and Date	Status by EPCES
		business for the exports. it affects more than 5000 cr of handcraft export. In budged 2021-22, the provision of duty free import of specified tools, trimmings and embellishments under Sl no 229 of customs Notification No 50/2017 dated 30.6.2017 has ben withdrawn with effect from 31.3.2021 vide customs Notification No 2/2021- Customs (Sl no 22) dated 1.2.2021. under the provision, certain duty free imports of items like electric parts and wire rolls, hinges, metal locks, motif, glue veneer, polish, hooks, rivets, button, veicro, chatan, badges, beads, swing thread, etc are allowed to handicraft, garments and leather exporters upto 5% of the fob value of exports of previous year.	Letters been written to Finance SECY, Additional Secretary DOC, Joint Secretary (TRU-I), CBIC, D/O Revenue, Ministry of Finance on 23.02.2021	A letter has been issued to Secretary , Department of Revenue dated 4/03/2021 no. K-43017(16)4/2021-SEZ by Ministry of Commerce, dept. of Commerce seeking to consider restoring the provision of duty free import under Sl no 229 of customs Notification no.50/2017 dated 30/6/2017 as the scrapping of his provision May badly impact exports worth Rs. 5000 cr by small exporters and lead to unemployment. This issue was again taken in the meeting called by revenue Secretary on 14.12.2021
11.	**Manufacturing Services to be incentivised**	Incentives on export of services is WTO compliant. There are many services which are used for manufacturing of exported products. Such manufacturing services should be specially incentivised to promote high tech manufacturing exports.		This was taken up by EPCES in a meeting taken by CIM with EPCs. A concept note has been shared.
12.	**Increase in Lease period of SEZ units from 15-30 years to 99 years in Govt SEZs on private SEZ pattern**	The SEZ units in the government owned SEZs are having the lease deeds of 15 to 30 years as decided by the SEZ Authorities of each SEZ. Some SEZs have lease deed of 15 years and some of 30 years. Whereas units at Private SEZs are having lease deeds of 99 years similar to lease deeds applicable in the states and Union Territories. The Board of Approval in its meeting decided to allow SEZ units to have a lease deed similar to lease deeds applicable in States and Union Territories, Refer Instruction No. 98 dated 29th August 2019 issued by Ministry of Commerce and Industry. However, Later Ministry of Commerce vide its instruction no. 103 dated 11th December 2019 reversed this decision		

S.No.	Subject	Details	Letter No and Date	Status by EPCES
		stating that the said rule is applicable for Private SEZs only. The Private SEZs are already following this rule since inception of each Private SEZ. Hence, there was no need to issue such instructions vide instruction no. 98. The units in government SEZs are unable to get benefits such as bank loans/limits against their factories because of having lease deeds of lesser period. Therefore requirement of CAP of 30 years lease period on SEZ land should be waived off.		
13.	**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.
14.	**EODB ranking for SEZs/ EOUs**	We should have EODB ranking for SEZs and our effort should be to be best. On EPCES request, DPIIT has taken it up as part of their IPRS 2.0 (Industrial Parks Ranking System). EPCES has provided a list of top 50 SEZs for the purpose of ranking.	Letter to AS DOC & Secretary DPIIT issued on 16.9.2020 on the subject.	The report has been published by DPIIT and can be seen at https://static.investindia.gov.in/s3fs-public/2021-10/IPRS%20Report.pdf

Data Protection Bill – is it Protections on Privacy?

21

The JPC (Joint Parliamentary Committee) on the Personal Data Protection Bill submitted its report on November 22. The Personal Data Protection Bill, 2019, stems from the 2017 judgment of the Supreme Court in the Puttaswamy vs. Union of India case that recognized privacy as a fundamental right protected by the Constitution. The committee, which had been deliberating on the Bill since it was introduced in Parliament in 2019, has made several recommendations for modifying the draft. However, it steered clear of the main sticky points such as government access to private data, leading to dissent notes from panel members from the Opposition.

Now the questions upfront What does it say on the government's role, social media regulation and justification of seeking personal details?

What did JPC has left untouched?

The committee has retained Section 35 of the Bill. It gives the Government the right to authorise any of its agencies to circumvent the provisions of the law if it finds it necessary to do so under "public order", "sovereignty", "friendly relations with foreign states" and "security of the state". It is being interpreted as essentially a carte blanche for the Union Government to act as it wishes when it comes to accessing data on citizens. The draft Bill leaves it to the Government to frame the rules for oversight and safeguards for this provision. The critics of this provision, particularly the dissenting JPC members, are seeking judicial oversight and a more detailed prescription for the agencies that can access the data and the conditions under which they can do so. The final JPC report does not favour any change in this provision. The JPC also leaves untouched the state's ability to process personal data without consent, as allowed under Section 12. The JPC has also left mostly untouched the draft Bill's provisions for data localisation. The Bill requires a copy of any user data generated in India to be kept in the country, which critics say is unnecessary and may facilitate surveillance.

Impact on social media users

The JPC has suggested that any social media that is not an intermediary be treated as a publisher. Under India's Information Technology Act, an intermediary is a website or service that only receives, stores, and transmits information online, without any sort of selection or curation of the content. Such intermediaries enjoy "safe harbour" protection from being held liable for the content that they are hosting or transmitting. A publisher, however, is legally liable for the content that it is hosting. In its report, the JPC says it is of the "strong view that these designated intermediaries may be working as publishers of the content in many situations", making choices on what content is being shown to whom. The JPC has also suggested a regulatory body for social media on the lines of the Press Council of India. This will have major implications for companies like Facebook. What it will mean for freedom of speech online also remains to be seen. The draft Bill already places social media in a separate class of intermediaries when it comes to data protection, adding provisions for voluntary verification of accounts. The modes for verification of accounts are to be prescribed by the Government, which leads to the question of who will be excluded and who will be allowed to be verified, and about the repercussions of not being verified. Critics of this provision also see it as being misplaced in a data protection legislation. They say that social media is best handled within the ambit of the Information Technology Act itself.

Is it the change Indian's are looking for or serve the Govt ambit?

According to the JPC recommendation, the Bill should cover both personal and nonpersonal data. Nonpersonal data would include the traffic information that Google Maps collects and other such information. The JPC has even recommended changing the name of the Bill as the Data Protection Bill, 2021, dropping the word 'personal'. This takes the Bill beyond its original ambitions, as laid down by the B.N. Srikrishna Commission that worked on drafting it in the wake of the Puttaswamy verdict.

Way Forward

The committee has spelt out a clear timeline for various stages of implementation. It has recommended a 24-month window for implementation of the provisions of the Act. This is to ensure that the "data fiduciaries and data processors have enough time to make the necessary changes to their policies, infrastructure, processes etc." It also says the chairperson and members of the DPA will be appointed within three months, that the DPA will commence its activities within six months from the date of notification of the Act, the registration of data fiduciaries should start not later than nine months, and adjudicators and the appellate tribunal begin work not later than 12 months. The committee also has said that India should no longer leave its data to be governed by any other country since national security is of paramount importance. It has asked the government to ensure that a mirror copy of sensitive and critical personal data, which may be already stored by foreign entities outside the country, should mandatorily be brought back within a specified time frame. It has also asked for data localization provisions to be followed "in letter and spirit" and sought a gradual move towards data localization.

Bonds go Deeper and Wider with Digital Tech.

Technology is improving almost all aspects of our life, be it searching for information, transacting with money, investing, medical treatment, travelling and so on. One interesting development in this context is about a market that has hitherto not developed or rather, has not been deep enough for retail investors. For investing in corporate bonds in India, the preferred and predominant route is mutual funds. Having said that, direct investment in bonds should be a feasible option. While there is a secondary market for corporate bonds in India, the market is wholesale or institutional. Trading lots are of a big quantum, beyond the reach of common investors.

Bonds are listed on the exchange i.e., NSE/BSE, open to retail investors, but trading there is not as liquid as to easily buy or sell the instrument of a retail investor's choice. Moreover, what one sees on the exchange screen is the price of the bond. While price is relevant, bonds trade on the basis of yield-to-maturity (YTM), which is the effective annualised return, provided you hold the bond till maturity. For information on YTM, professional guidance is required. Recently, the Reserve Bank of India (RBI) opened a website-based platform called Retail Direct Account Scheme, where retail investors can open an account directly with the central bank of the country. On this platform, people can trade in government securities (GSecs) in retail lots, which otherwise is a wholesale market.

However, the Retail Direct Account does not house corporate bonds. In the context of corporate bonds, individual investors, particularly high net worth individuals (HNIs), can trade through certain houses that are brokers or NBFCs, offering this as a product. These are customised transactions, unlike trading in equity stocks on a trading screen. In this hitherto not-so-liquid market of corporate bonds for individual investors, how can technology help? There are certain app based or web-based facilities coming up to simplify and facilitate transactions. One needs to open an account with the service provider, but the execution can be done without human intervention, at a preferred time. These platforms provide efficiency similar to app-based trading in equity stocks, the difference being the number of bonds on offer would be less than the number of equity stocks due to the nature of the market.

Cursory' glance

To get a hang of it, visiting websites of service providers may be a good idea. Goldenpi.com displays 'bonds in spotlight'; Indiabonds.com showcases multiple categories of bonds. Indmoney.com has a bonds section on their website, where they list various bonds from their inventory. Bondskart.com has an app to boot. It displays the inventory of bonds as on date, slotted in various categories, from which you can pick and choose as per credit rating, issuer profile (PSU, private sector, etc.) maturity tenure, frequency of coupon (interest) payment for planning your cash flows, etc. It shows the minimum investment quantum so that you can pick one as per your lot size. It also shows the YTM of the bond, which is not available on the Exchange screen. When you want to sell a bond, you can put in your details and request a quote. The knowledge section houses relevant updates for you to understand the context better. There would be more such sites or apps coming up as technology expands the horizon. What do you need to invest in bonds directly, that is, sans the mutual fund route?

Diversification is a basic tenet of risk management; do not put all your eggs in one basket. You have to buy multiple bonds, so that your risk on one bond is limited to the extent of your exposure. Since your portfolio construct is in your control, you can buy bonds as per your suitability of credit quality, issuer profile and the like. AAA is the highest credit rating for corporate bonds, followed by AA+, AA and so on. You can pick up bonds of multiple maturities and various interest payment dates, so that you generate automatic cash flows without having to sell a bond in the secondary market.

Direct route advantage

What are the advantages of taking the direct bond route? Cost saving is one advantage. In a mutual fund, the charges are levied every year, whereas in a bond, the expenses you incur while purchasing it occur only once, however long as you hold it. Sometimes, there are certain bonds that offer a relatively higher YTM due to lack of liquidity in the secondary market without a commensurate increase in credit risk. You can avail of those pockets of opportunity. Though liquidity can be an issue if you want to sell in the secondary market, as long as you have a view to hold till maturity, you can take a call. To conclude, we have seen technology deepen the reach of the equity market. A similar journey has begun for the bond market.

Preparation for Business-Persons for New India

25

Creating new risk-takers will help in alleviating supply-demand talent imbalance

Risk-taking is in the blood of Indians. Unfortunately, this talent is not allowed to grow nor is it nurtured enough. If anything, everything possible is done to subdue or even kill it even before it takes root. From childhood, pressure is put on kids to get good marks/ grades in class and ensure that a good academic record is maintained till they graduate from college. much importance is placed on memorized learning in the formative years of one's career. And school teachers in most schools also teach with the aim of ensuring that the maximum number of students graduate from school, preferably with good marks or at least passable marks. Armed with a degree, graduate or post-graduate, or a specialized skill-set, the dream of the average parent is to ensure that his child/ward gets a good job, preferably in the government or semi-government sectors, including banks or in good private sector companies. For the parent, ultimate nirvana is to see the child in a

secure job. A very small per centage actually look at grooming risk-takers and allowing them to build up independent enterprises. Of course, this is, to some extent, changing. And parents, especially those who are wealthy, also aspire to their child becoming a good cricketeer, pursuing sports, becoming a dancer, or taking up the profession of his/her choice. A lot of money is required to allow a child to pursue such hobbies. but all these, at the end of the day, are largely motivated by a decent pay package. cricketers get paid handsomely, so let us invest in the future of our child, is one school of thinking amongst parents. At a national level, getting good employable talent is undoubtedly desirable but with the supply of talent – good, bad or ugly – fast outpacing the demand for jobs, there is a growing realization of the serious need to rethink the merits of the entire system, from the ground level up, of creating an educated talent force. Instead of focusing merely on the supply side, one should build up a robust demand side. A pipeline of entrepreneurs should be built up – risktakers who can provide jobs rather than just be job-seekers. This is more easily said than done. One cannot open up schools and colleges which focus on grooming entrepreneurs overnight. Drastic changes are required to be made from the school level itself. Get the teaching faculties to give more challenging assignments which can allow children to think. Let it seep in that it is okay to fail in being unable to solve a problem which is from a text book. There is a need to build situational problems which force children to think rather than just memorise. One should embrace failure, just as one embraces success. This will ensure some good teaching, emulating real life. Instead of getting students to repeat, or learn by root extracts from text books ad nauseum, give him a chance to fail in his attempts to solve real life problems. Hard work and efforts should not only be used in merely memorising content but also learning through solving challenging problems.

As a part of the curriculum, real life corporate heroes, their initial struggles and challenges, drawbacks and failures, should be taught as a separate subject early in school. Let them know that many multi-billionaires, who have built huge empires, were also average learners in school or college. Let children have, as aspirational heroes, the Tatas, Birlas, Ambanis or even professionals who build billion dollar enterprises by starting small. It is in the formative years that a child should be allowed to think big and look beyond merely earning funds straight out of college.

The stigma of failure is one of the biggest drawbacks which dissuades people from joining the long line of job seekers. If one is taught, at school or even at home, the contrary, students may think of starting an enterprise. Monetary backing for good ideas is also required and the government must spend money and ensure there is no witch-hunting of entrepreneurs who fail in their projects. Let banks take small bets on entrepreneurs and not on account books. Given their poor appraisal skills in granting mega loans to corporates and getting 15-30 per cent of the realisable value of the NPAs, they should be giving loans to budding entrepreneurs, without asking for sureties from the families involved. Let them put a small sum aside for appraised entrepreneurs. Building facilities for grooming entrepreneurs is by no means an easy task. And unlike the current efforts in educating with the purpose of building graduates in a factory-like manner, more efforts are needed to create a different mindset to be built across the chain of influencers, starting with teachers and parents. A beginning should be made right away.

Exporting our way out

Exports are emerging as a micro- economic stabilizer and growth driver. Can we really export our way out of the slowdown?

In September this year, Union commerce and industry minister Piyush Goyal had some good news to disseminate to the exporters' community in Mumbai. Merchandise exports could hit a record $190 billion or even cross this level in the first half of FY22. Goyal was perhaps being cautious, given the controversy he had then got enmeshed in after remarking at a cII event that "many big domestic businesses had overlooked national interests". He could have stuck his neck out and painted a more optimistic picture. According to an official statement issued by Goyal's ministry on 3 October, India's exports reached $197 billion in the first half of this year (April-September). The tangible uptick in exports in the recent months has led some experts to wonder that whether India can export its way out of the slowdown, in the bargain becoming an export hub like china or Vietnam. In October, exports had clocked a record monthly high of $35.47 billion. It was $33.44 billion in September, $ 33.28 billion in August and $35.17 billion in July. During April-November 2021, exports stood at $262.4 billion. A gung-ho commerce ministry has set a merchandise exports target of $400 billion for FY22 and $500 billion for FY23. The ambitious target for FY22 was announced by Prime minister Narendra Modi, in a virtual interaction with heads of Indian missions abroad, along with various other stakeholders in the trade and commerce industry. Union minister of state for commerce and industry Anupriya Patel, who is Goyal's deputy, has gone one up. In her tours of Uttar Pradesh, she has been talking about a $2-trillion target by 2028 – one trillion to be contributed by merchandise exports and one trillion by service exports. With

the Modi government ratcheting up the hype about achieving a target of $400 billion in exports of goods for the financial year, there is talk that if India's exports of goods and services cross $550 billion in 2021-22, it would be as good as any normal year if not better, given that India's GDP would perhaps still be 2-3 per cent below pre-pandemic levels.

Middling Routine so Far

As an exporting nation, India has so far been a middling performer, though it has shown the capacity to weather great economic shocks, be it the Global Financial crisis (2007-09) or even the recent pandemic that crippled global supply and demand for nearly a year and a half. This is because its export basket and earnings are somewhat diversified, unlike commodity exporters in Africa and the Americas. However, despite the hype about our export performance, there are some clear warning signals in the horizon. While exports were growing in the first half, so were imports which stood at $384.4 billion, resulting in a trade deficit of $122 billion. While there is no harm in importing more if you can export more, a widening trade deficit can affect the stability of the rupee at a later date. Politically speaking, growing imports weaken the very raison of Atmanirbhar Bharat, Prim Minister's flagship programme of self-sufficiency.

The rupee's resilience has primarily been because of two reasons: first, foreign fund flows into the Indian market and second, the reserve bank of India's management of the volatility. Last year, India recorded a current account surplus for the first time in over a decade due to a collapse in domestic demand for imports as a result of the pandemic. That implied the value of incoming goods, services and investments into India, was lower than the amount that left the country. This year, it is different. In the first three months of this year, India's current account deficit widened to $8.1 billion, or 1 per cent of GDP, as the economy slowly recovered and there was a rebound in oil prices. As recently as in November, the trade deficit was driven largely by higher commodity prices of oil and coal and a sharp uptick in gold imports which shot up to a five-month high of $6.7 billion in August. In all, the gold import bill touched a decade-high level of $23.9 billion during the first half of the year because of the release of pent-up demand following the easing of lockdown restrictions and re-opening of retail outlets along with the revival in consumer sentiments due to the steady progress in vaccination. Whether it is our lust for gold or rising commodity prices, India seems to be perpetually saddled with a trade deficit. This is in contrast to china, an exporting power, which posted a trade surplus of $71.72 billion in November despite its exports losing some steam.

No champion, yet!

Another worry is India's failure to fully exploit its services exports which are projected to touch $150 billion this year, much less than the merchandise exports. Agreed that during the pandemic, sectors such as tourism, travel and hospitality took a hit. but there are predictions that the share of services in international trade will overtake merchandise trade by 2040. India itself has set an ambitious target of $1 trillion in services exports by 2030. So far, out of total services exports, a large chunk of exports comes from the IT and ITeS sector. Now the focus of the government is to boost services export from some other crucial sectors like tourism, healthcare, education, etc. These are among the 11 champion sectors identified by the government. While some work has already been done on those champion sectors, the government has a very long way to go. Darpan Jain, Joint Secretary, department of commerce & Industry, refers to tourism and education sectors, which have been identified as the champion sectors. "Worldwide we have over 1 billion people travelling but we have a very small share in that, even smaller than Thailand and Malaysia. Take education sector, we have 5 million students travelling to get admissions and for higher studies, but here in India we get 50,000 students."

A blip and some worries

The government appears unfazed by the latest blip, which happened when merchandise exports fell to the lowest level in nine months in November. As supply bottlenecks and rising covid19 cases in Europe cast a shadow on India's outbound shipments, growth in merchandise exports slowed down to $29.88 billion with items such as gems & jewellery and pharmaceuticals registering a decline. Simultaneously, imports rose to $53.15 billion in November from $33.81 billion last year and India posted a record monthly merchandise trade deficit of $23.27 billion compared with $10.19 billion a year ago. One explanation being given officially for the dip in exports is that the pent-up demand in goods like gems & jewellery abroad had peaked. Aditi Nayar, Chief Economist at ICRA ratings, says festive season holidays had substantially dented the momentum in merchandise exports in November, bringing them down to the lowest level of FY22. "We are cautiously optimistic that the exports momentum will revive, though the uncertainty engendered by the Omicron variant poses a concern regarding the immediate outlook," she said.

Macro-economic stabilizer

Before the November trade numbers came in, the government and even certain economists were beginning to see exports as a macro-economic stabiliser and growth booster, making up for the absence of fiscal capacity. Indeed, from a macroeconomic perspective, rising exports are a positive sign for the economy as it recovers from the economic shock induced by the second wave of the covid pandemic, which has differentially blunted three out of the four engines of GdP growth – private consumption, investments and government consumption. Like agriculture, exports were seen as a silver lining in our economy. but is that so? From the second quarter (Q2) of FY22 number of GdP growth at 8.4 per cent, a deceleration from the 20.1 per cent growth seen in Q1, it is clear that trade alone wouldn't bail us out (yet). compared with Q2 FY20, the pre-covid marker, the print for Q2 GdP in FY22 was flat (0.2 per cent CAGR) and the first half FY22 cumulative GDP was still 2.2 per cent lower compared with the first half FY21 on an annualized basis. This means that the aftereffects of the first and second wave of the pandemic are still lingering. This is evident from the fact that private consumption and fixed investment remain on a rather modest recovery path. On top of that is the renewed threat of the new virus variant of concern, Omicron. While the government

claims to have made some fast moves to check the spread of the variant, it will have to be constantly on guard in the coming months, recalibrating its vaccination strategy and ensuring that the states enforce adherence to covid protocol, so that Omicron does not derail the economy like delta did. besides, while it can monitor the domestic outbreaks, it has no control over the global situation.

Trade and GDP

But here's the thing which appears to have fired up the government. cutting through the clutter, whatever semblance of respectability we are seeing in the Q2 numbers came from a robust performance in exports and imports of goods and services, which grew 19.6 per cent and 40 per cent, respectively. Trade now accounts for 46 per cent of our GdP, the highest since 2014. The Indian economy has so far been regarded as consumption-driven. Are we then seeing an attempted transition to an export-driven economy? It is too early to draw sweeping conclusions because we have just come out of an extraordinary situation and the post-covid growth recovery in India has hinged considerably on the revival in global trade. After the covid-induced fall of last fiscal, exports this fiscal were supported by improved order flow from advanced markets following an economic resurgence there and rise in global commodity prices. both exports and imports of goods and services are now 7 per cent higher than pre-covid trends. As the government firms up its strategy, it is bound to face a dilemma: whether to prop up exports or let consumption take its preeminent position. So far, India's growth story has been consumption-led. Attempts to make it investment-led have not taken off yet. The standard trick to turn around a slowdown-affected economy is to boost consumer demand, mainly by the organized sectors in urban areas through improvements in compensation and leveraged spending. As it happened, the government's expenditure in Q2 was quite low. In fact, the government's quarterly spending was the lowest in any Q2 of the past five years – the spending in the first half has been just 1 per cent higher than what it was in the first half of the pandemic year of FY21, and was 5.3 per cent lower than what it was in the corresponding period of FY20. The Union and state governments would need to step up, if they are serious about growth and boosting investment in the private sector in the conventional manner. On the other hand, some experts even believe that with rising global demand, India should strive to compete in some segments vis-a-vis China. "Currently, China is facing supply-side as well as demand-side issues owing to several internal challenges (energy, debt crisis). Therefore, India is in a good position to increase its exports, and can become a substitute for China across various product categories or sectors," says DK Srivastava, chief policy advisor, EY India. It is possible that the non-economists in the government also believe that this can happen.

5-Point Mantra

1. High duty on inputs results in expensive finished product that is out-priced by imported goods, both in the domestic and export markets. Low duties make domestic firms competitive. Many start shipping directly. Gradually, with better forward and backward linkages, jobs increase as both exporting and importing sectors grow. In Vietnam, 5 million workers work with direct exporters while 7 million works for firms supplying products to exporters.

2. Increased access to formal finance is the key. Less than 4 per cent of small firms in India have access to formal finance. The figure for the US, China, Vietnam and Sri Lanka is 21 per cent. The government should enable the top 1 million small manufacturing firms to get bank finance without collateral at regular interest rates.

3. Large anchor firms in critical products should be invited to set up operations in India. This is a tested strategy for promoting the manufacturing and export of Basket A items. Government initiatives like simplified labour laws, PLI incentives, low corporate tax on new manufacturing operations and scrapping of retrospective tax have enthused many firms searching for China plus-one location to shift base to India. India's large number of competitive ancillary units and skill base are a big plus over competing countries.

4. Since inputs crisscross across countries several times as parts and sub-assemblies before the final product is ready, low duties and quick port exit of containers at ports and customs are preconditions for participation in global value chains. Any delay at one point disrupts the entire value chain.

5. It is essential to simplify process of exporting for small value consignments. Many people buy local sarees, suits, handicraft, ready-to eat/cooked products and ask the shops to courier to friends and relatives abroad. For such small value exports, we need to simplify and integrate compliances clothing (8 per cent) and gems and jewellery (10 per cent) have contributed to the kitty since April this year. States chip in Srivastava: India can challenge China to do well this fiscal as global supplies have been affected by lower production in the US, Russia and Canada. "exports could be anywhere between 2.5 million tones (mt) and three mt this fiscal as there is good demand for Indian wheat, So far, 1.5 mt of wheat have been exported," said Nitin Gupta, Vice President, Olam Agro India Ltd. Apart from the improved order f low, what else was contributing to the rising exports? Liquidity measures announced for MSME, which contribute over 40 per cent of exports, have helped them deal with working capital bottlenecks. While the exports in the latter half of 2020-21 were driven by iron ore, pharma and agri-commodities, petroleum (which contributes 15 per cent of total exports), engineering goods (28 per cent), textiles and The role of states too needs to be highlighted. To offset the crimped domestic consumption, states are aggressively competing against each other to grab a share of the export basket. In the past, export promotion was dealt by only the center, without any active mechanism involving the states or districts into the decision making process of promoting goods and services produced at the grassroots level. but now the Union government is working on 'developing districts as export hubs' to decentralize export promotion activity. "The idea is to create an institutional framework in every state, going down to every district and use that framework to assess every district in terms of ongoing export activities, in terms of capacities for enhancing those activities, and making time-bound action plans to take those initiatives forward. every district is being mobilised, so every district realizes its potential as an export hub," says Anup Wadhawan, former secretary, commerce. Gujarat, maharashtra, Tamil Nadu, Andhra Pradesh and Karnataka are top exporting states. recently, TN released its export promotion strategy. The state's export basket is already highly diversified with the top ten products contributing 70 per cent of the export share. The state, according to studies, has an estimated untapped export potential of R1.6 lakh relating to Customs, GST, DGFT and other concerned agencies. Schemes like making districts as export hubs would benefit from such simplification. The simplification will also help exports by small artisans and firms located in class B and C cities.

UP steps up

Even a traditional laggard like Uttar Pradesh has caught up. The annual average growth rate of merchandise export from UP in the past four years has been 6 per cent, which is much above the national average of 2.4 per cent, according to the latest report of exim bank. The report ranks UP fifth among all states by value of exports in 2020-21. The state's exports amounted to $16.4 billion in the financial year. The report attributes the achievement to a conducive policy environment for manufacturing and exports. even during the pandemic, leather, textile and glassware products were exported and there was huge demand for a wide range of products from the state in the overseas market. The report also highlights UP's potential to achieve exports of $30 billion in the short to medium term. To further promote exports, the state government has decided to set up Overseas Trade Promotion and Facilitation centers in all 75 districts of the state. The MSME's department plans to set up a centralised facilitation centre for better coordination among these centres which will increase the worth of exports, apart from proving employment to people. As the push to exports has come from the highest political authority of the land, all ministries and agencies are putting their best foot

forward. Modi has linked his flagship programme of Atmanirbhar bharat to the export-promotion drive to increase the share of India's export in the Global Value chains. The idea still needs to be fleshed out, as one is not sure where this will leave small firms making products with local inputs. They face competition from large global firms having an advantage of scale, technology and finances. Quality is also an issue. To provide comfort to this category, will the government continue to engage in protectionism by erecting tariff barriers? That will go against the philosophy of free trade.

Role of MSMEs?

The government will have to clearly delineate the role of MSMEs, which provide the basic impulses to our economy, in the evolving export strategy. Various studies have shown that MSMEs have been severely impacted by covid-19. Srikar K Reddy, joint secretary, department of commerce, claims that the government is keen to provide more market access to Indian companies, specially MSMEs as this segment is extremely critical to boost employment. but with over 90 per cent of them facing challenges pertaining to liquidity, labour, raw material and logistics, a comprehensive solution is not in sight.

Two baskets

Trade economists tend to divide the product profile of our exports into two baskets. basket A contains products traded in large values globally but in which India has a small share – examples: machinery, electronics and transport products account for 37 per cent of global goods export basket. but the share of our export in global exports of each of these is low. machinery 0.9 per cent, electronics 0.4 per cent and transport goods 0.9 per cent. more examples of our low share in important products include integrated circuits (0.03 per cent), computers (0.04 per cent), solar-cells (0.3 per cent), Led TV (0.02 per cent) and mobile phones (0.9 per cent). India's ranked 42 in 2000 and 43 in 2019 export complexity Index, a measure of diversity and technological sophistication of goods exported by 130 countries. This was mainly because of weak presence in basket A products. china's rank improved from 39 to 16 during this period due to expansion in basket A products. A major thrust should be to focus on expanding presence in such products. As for basket b products, India has a large share in global exports, but the value of world trade in these products is small. For example, India's share in global textiles exports is 5.9 per cent. but textile is a small category counting for just 1.3 per cent of the global export basket. In marine products, India has a high share of 5.4 per cent. but marine products count for just 0.6 per cent of the global export basket. Other examples where global export value is small, but India has a large share are: cut and polished diamonds (28.8 per cent), jewellery (13.5 per cent), rice (35 per cent), shrimps (25.4 per cent), and sugar (12.4 per cent).The small size of the basket b sets the limit on the growth. being labor-intensive and low technology, such products face competition from low-cost countries. The general prescription for growth of export of products in both the baskets has several components like lower import duties on inputs, increased access to formal finance, simplified process of exporting for small value consignments, getting large anchor f irms in critical products to set up operations in India and ensure fast entry/ exit of containers through ports and customs (See box: 5-point mantra).

FTAs in making

Then there are bigger policy issues at stake. A slew of well-oiled free trade agreements (FTAs) can make the targets easier. After rubbishing the FTAs signed by its predecessor government, the Modi dispensation has now set aside its RCEP experience and is fast-tracking trade pacts with the UAE, the UK, Israel, the European Union, Australia and Canada. The government is acting on the premise that well-designed FTAs can be an important cog in the make in India wheel. more than that, the government will have to ensure a bigger play for our services exports in these FTAs. considerable importance is being given to the recently-launched negotiations between India and United Arab emirates (UAE) for a comprehensive economic Partnership Agreement (CEPA) with an early harvest to be concluded by December-end. The success of negotiations could set the pace for other FTAs that are being contemplated. The UAE is currently India's third largest trading partner with bilateral trade in FY20 valued at $59 billion. It is also India's second-largest export destination after the US, with exports valued at approximately $29 billion in FY20. India was the UAE's second-largest trading partner in 2019, with bilateral non-oil trade valued at $41 billion. The UAE is the eighth-largest investor in India, having

invested $11 billion between April 2000 and march 2021, while investment by Indian companies in the UAE is estimated to be over $85 billion. India's major exports to the UAE include petroleum products, precious metals, stones, gems and jewellery, minerals, food items such as cereals, sugar, fruits and vegetables, tea, meat and seafood, textiles, engineering and machinery products, and chemicals. Top imports from the UAE include crude petroleum and petroleum products, precious metals, stones, gems and jewellery, minerals, chemicals and wood and wood products. India imported $10.9 billion of crude oil from the UAE in FY20. While the CEPA will create new jobs, raise living standards, and provide wider social and economic opportunities in both nations, the new strategic economic agreement is expected to increase bilateral trade in goods to $100 billion within five years of the signed agreement and increase trade in services to $15 billion. because of the trade deal, while UAE will get priority in India's big plans in infra development and asset monetization, UAE investors will also feel more confident in investing in India. The UAE on its part may focus on advanced industrial products including petrochemical equipment, ICT products and fintech. The pact will build on a number of landmark projects between the nations in the last few years. In June 2020, Mubadala, the Emirati state-owned holding company that functions as a sovereign wealth fund, invested $1billion in Indian telecom provider Jio Platforms, while in 2019 a number of UAe entities committed $7 billion to India's food production and agriculture sectors. In return, India's reliance recently announced an investment of $2 billion in Abu Dhabi's TA'ZIZ Industrial chemical Zone.

Foreign investors watching

Foreign investors are closely watching these moves. Alain Spohr, md, Alstom India and South Asia, feels that while things are moving in the right direction, more needs to be done. He says that India can become the export hub of the world, provided the government gets its act right. While ease of doing business has improved over the past few years, Spohr feels that the country needs to improve project execution and that dispute resolution remains a big issue. If a well-designed incentive scheme is provided, it could be a mega boost for India, he said, adding that some sort of subsidies or financial incentives could spur companies to bring large investments to the country. Alstom is keen to make lightweight coaches for Indian railways and is looking for clarity on tramrail used in Europe. Some sort of financial incentives could spur companies like Alstom to bring large investments to India, he feels. besides, there needs to be increased focus on faster project execution, dispute resolution, interaction between customers and vendors. "I did not see much focus on these as part of ease of doing business. Problem is not to come to India, but to stay in India," said Spohr. There is also a need for more

balance in terms and conditions governing contracts. "dispute resolution, cash neutrality, protection against abusive termination of contracts should be built into today's contracts because these things are important for businesses who may want to invest," he said.

The way ahead

Many economists have spoken of the spurt in exports as an “exogenous” (having an external cause) factor in the performance of the Indian economy. Alas, some of them feel that export-led growth can only last for a time. Such growth also comes fast. but for it to sustain over a period of time is not easy. countries which grow on their home consumption have a much safer way to reach lasting growth. An ideal combination, of course, would be the right endogenous and exogenous factors. In the past (pre-covid), Krishnamurthy Subramanian, the Modi government’s chief economic advisor who has now tendered his resignation, attributed both “endogenous and exogenous” factors like deceleration in developed countries and trade conflicts as some of the reasons behind the slowdown in the economy. The incremental factors beyond Q2 FY22 are also not very favorable, given the steep slowdown in China, following the housing market disruption, and the spread of the Omicron threat, which would slow global trade activities. Then there are the looming headwinds, including runaway freight rates and the growing shipping container shortage, alongside the possibility of global central banks putting a stop to their quantitative easing policy that could, in effect, progressively temper consumer demand in these markets. A slowdown in global trade could have a significant impact on growth in the coming quarters, particularly if the government is predicating its economic strategy on exports.

Policy re-invention

As the world explores alternatives to China, India will have to rise to the challenge by reinventing its policies. As a long-term strategy, it needs to wean exporters away from tax reimbursement schemes, as they could attract both WTO scrutiny as well as countervailing duties in the importing country. Instead of getting mired in the debate on whether remission of duties or Taxes on export Products (rodTeP) reimburses exports sufficiently or covers all exporters who benefited from the merchandise export Incentive Scheme (MEIS), the focus should be on developing infrastructure and logistics. The benefits of export promotion schemes need to be assessed. Finally, it needs to develop a product-specific export strategy, such as the Production Linked Incentive (PLI) for man-made fibers. creating an export basket of both low value and high value goods and services should be the goal, going forward. Possibly, the government will have to strike a middle path on schemes such as RoDTEP and RoSCTL (rebate of State and central Taxes and Levies). Should the schemes be scrapped? currently the issue is mired in a never-ending debate which misses the wood for the trees. While officials at the ministry of commerce have maintained that duty remission schemes have helped free the financial headroom available for exporters, players in the garments and textiles sector have flagged concerns over delayed operationalization of tax rebate schemes and lower-than expected benefits.

The consumption angles

Finally, the government will have to contend with the sad truth of the Q2 numbers: total consumption – including private (57.3 per cent of GdP now, 55.8 per cent previous quarter) and government spending (11.1 per cent vs 13.7 per cent previous) – is on a very gradual recovery path. Private consumption is 15.6 per cent lower than the pre-covid trend and fixed capital formation is 9 per cent lower. That is why the GDP trajectory remains fairly muted. It may thus become imperative to loosen the fiscal strings. Additionally, the financial condition is expected to tighten due to stagflationary concerns in advanced economies that are forced to adopt quicker monetary stimulus rollbacks. It is quite likely next two quarters will see real GDP decelerating further, thereby affecting the projected growth for the ongoing year. If not reversed, the trend could even spill over into FY23. Therefore, growth from exports will be a bonus till we get our act together.

Rakesh Joshi Business India

Impact of OMICRON on Recovery

37

Many Economists have nailed India's Full-Year growth rate at 9-10 percent, with the pace likely to weaken in the second half

India's economy recovered to the pre-pandemic level in the second quarter of FY22 in absolute terms. However, the discovery of the Omicron variant of the coronavirus has made economists worried. They think the mutant variant of the virus poses a threat to the double-digit growth outlook for the fiscal year. With a GDP growth rate of 8.4 per cent, India emerged as the fastest growing economy in the September quarter, led by a spike in government spending and pick-up in private investment supported by wide vaccination coverage. It was the fourth straight quarter of expansion, albeit on a low base. India's GDP contracted 7.4 per cent in the September quarter last year, as per data from the National Statistical Office. While the Q2 GDP surpassed the pre-Covid level of 2019-20 by 0.3 per cent, the economy in the first half of 2021-22 was still 4.4 per cent lower than the corresponding period of FY20. Economists have pegged the full-year growth rate at 9-10 per cent, with the pace likely to weaken in the second half on the back of a higher base effect and fears of another Covid-19 wave. While the services sector posted a modest pick-up, manufacturing activity remained subdued in the September quarter amid sub-optimal recovery in demand before the festive season. "Although the healthy GDP growth numbers are mainly due to the base effect, it indicates that the economy is recovering quickly post Covid 2.0," says Sunil Kumar Sinha, Principal Economist, India Ratings and Research. "However, we believe that economic recovery will require both fiscal and monetary policy support in the near term to ensure that recovery continues despite the threat posed by the new Omicron variant." Manufacturing posted a 5.5 per cent year-on-year growth in the September quarter compared with 49.2 per cent growth in the June quarter. It was 4 per cent higher than the 2019-20 levels. Overall, the services sector posted 10.17 per cent growth compared with 11.4 per growth in the first quarter, and 11.4 per cent contraction in the year-ago period. "The main fear is the imposition of restrictions by the government due to the new Covid-19 strain. We maintain a growth projection of 9.1 per cent for the year," says Madan Sab Navis, Chief Economist, CARE Ratings. Gross fixed capital formation, a proxy for private investment, grew 11 per cent in the second quarter and also surpassed the 2019-20 levels by 1.5 per cent. The private final consumption expenditure, signifying demand in the economy, grew 8.6 per cent annually in Q2, but was 3.5 per cent lower than the 2019-20 levels. With the announcement of investments worth `8.6 lakh crore in the first seven months of FY22, compared with `11 lakh crore reported in the entire last fiscal, the intent of investment looks encouraging, says Soumya Kanti Ghosh, Chief Economic Advisor, SBI Research. "With the private sector contributing around 67 per cent of this, that is, `5.80 lakh crore, it seems private investment revival is on the horizon," he says.

Sensex

While it is still early to quantify the potential impact of the Omicron variant of the coronavirus on businesses, stock markets globally have already witnessed a downturn. Till recently, most of the leading equity indices were trading around their record levels, but since the discovery of the new variant, which was reported to the World Health Organization (WHO) for the first time on November 24, pessimism seems to have seeped in. Since the discovery of the new variant, Indian benchmarks Sensex and Nifty have lost 1.76 per cent and 1.87 per cent, respectively (till December 7). The negative impact has been equally visible in the developed economies, some of which have been forced to reimpose restrictions amidst an increase in the number of infections. While the UK's FTSE has gained a marginal 0.75 per cent since November 24, Dow Jones and S&P 500 of the US are down 1.64 per cent and 2.11 per cent, respectively, till December 7. Asian majors Hang Seng and Nikkei have fallen 2.71 per cent and 4.43 per cent, respectively. South Korea's KOSPI has also fallen marginally. In India, market experts are of the view that the benchmarks are still trading above key support levels, but any major fall over Omicron fears could lead to accentuated selling activity. Incidentally, the Omicron scare comes at a time when many domestic and global majors have already been highlighting the stretched valuations of Indian equities that make the rally look brittle. In a recent report, Credit Suisse stated that Indian equities are the most expensive in the Asia-Pacific region and most of the positives related to the potential economic recovery are already priced in. It further said that the year 2022 could see single-digit return from Indian equities. In a nutshell, if the Omicron scare attains a bigger scale, then stock markets worldwide, including India, could see investor wealth getting eroded.

Important Developments in Direct Taxes

Importan mendments/updates

CBDT issues guidelines on eligbility for exmption under Section 10(23FE) of the Act

Section 10(23FE) of the Act exempts dividend, interest and long-term capital gains income earned by SWF[60] and PF[61] from investment in infrastructure in India made between 1 April 2020 to 31 March 2024[62] . It also provides that in case the SWF/PF has loans or borrowings, directly or indirectly, for the purposes of making investment in India, such fund will be deemed to be, not eligible for this tax exemption. To clarify certain issues being faced by taxpayers, the CBDT has recently issued[63] the following clarifications:

- **Specific borrowings:** If the loans and borrowings have been taken by the SWF/PF or any of its group concern, specifically for the purposes of making investment in India, such fund shall not be eligible for the aforesaid exemption.
- **Non-specific borrowings:** If the loans and borrowings have been taken by the SWF/PF or any of its group concern, not specifically for the purposes of making investment in India, there will be no presumption and it will be eligible for exemption[64]

60. Sovereign wealth funds

61. Pension funds

62. Subject to fulfilment of certain prescribed conditions

63. Circular no. 19 of 2021 dated 26 October 2021

64. Subject to the fulfilment of all other prescribed conditions, provided that the source of the investment in India is not from such loans and borrowings

CBDT rolls out new Annual Information Statement

CBDT has rolled out a new AIS[65, 66] on the Compliance Portal which provides a comprehensive view of taxpayer's information. The new AIS can be accessed by clicking on the link 'Annual Information Statement' under the 'Services' tab on the new Income tax e-filing.[67] portal[68] on TRACES portal will be available until complete operationalisation of new AIS.

Features of the new AIS:

- It includes additional information relating to interest, dividend, securities transactions, mutual fund[69] transactions, foreign remittance information, etc.
- In case the taxpayer finds the information to be either incorrect or requires modification, feedback can be submitted (online or offline).
- For ease of filing return, a simplified TIS[70] has also been generated which shows aggregated value.
- If the taxpayer submits feedback on AIS, the derived information in TIS will be automatically updated in real time and will be used for pre-filling of return which will be implemented in a phased manner.

Requests to taxpayers by the CBDT:

- Taxpayers have been advised to check all related information and report complete and accurate information in the income tax return.
- In case there is any variation of information relating to TDS[71] /TCS[72] and/or details of tax paid reflected on TRACES portal vis-à-vis information as per AIS, taxpayer may rely on the information displayed on TRACES portal for the purpose of filing of income tax return and other tax compliance purposes.

E-Settlement Scheme, 2021 for pending settlement applications

CBDT has notified[73] a scheme[74] which is applicable to pending settlement applications where the applicant has not exercised the option to withdraw its settlement application[75] and which has been allotted or transferred by CBDT to the Interim Board[76].

Some of the key highlights of the scheme are
as follows:

- Under the Scheme, an 'interim board ' will settle the pending applications electronically[77]. All communications between the Interim Board and the applicant or the Principal Commissioner/ Commissioner will be exchanged by electronic mode[78].
- The proceedings before the Interim Board will not be open to public and no person[79] will remain present during the proceedings without the permission of Interim Board[80], even on video conferencing or video telephony.
- There will be no personal appearance in connection with any proceedings under this Scheme before the Interim Board.
- The Interim Board, at its discretion, may direct the publication of orders or portions of its rulings with modifications as it may deem fit.
- The procedure for settlement of applications allotted or transferred to an Interim Board has also been laid down.

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65. Press release dated 1 November 2021
66. Annual Information Statement
67. https://www.incometax.gov.in
68. TDS Reconciliation Analysis and Correction Enabling System
69. Taxpayer can download AIS information in PDF, JSON, CSV formats
70. Taxpayer Information Summary
71. Tax Deducted at source
72. Tax Collected at source
73. Vide notification no 129/2021 dated 1 November 2021 (F. No. 370142/52/2021)
74. E-Settlement Scheme, 2021
75. Under Section 245M(1) of the Act
76. Interim Board shall have such income-tax authority, ministerial staff, executive or consultant to assist the members of the Interim Board, as considered necessary by the CBDT.
77. Random allocation or transfer of cases to interim board shall be devised by the Principal Director General of Income-tax (Systems) or the Director General of Income tax (Systems) with the approval of CBDT
78. Interim Board shall communicate with the applicant via e-mail and the applicant shall file response to such notice or order or any other electronic communication through his registered email address.
79. Other than the applicant, his employee, the concerned officers of the Interim Board or the Income-tax authority or the authorised representatives.
80. Authorised income-tax authority will provide the link and password to the applicant and concerned parties for attending the proceedings.

On Business Negotiation Table – Develop the Fine Art of Negotiation Skills

Negotiation is a part of our everyday lives, but when it comes to negotiating business it's critical for your success and growth. Poor negotiation can hurt the company just as quickly as losing its key customers for ever in time to come.

While most of the time negotiating strategies often seem like using one's common sense, however, it's not uncommon for few who get caught up in the emotion of the moment and ignore their basic instincts. To have a successful negotiation, it takes an iron gut, a lot of homework, and street smarts with unblinking discipline.

Negotiating can be disturbing at times, but certainly, it cannot be avoided altogether in our business world rather it is part and parcel of our daily life. It can provide sleepless nights for any businessman who deals especially in international business. Thus, Negotiation is the most critical and important aspect of any business. Very few people are interested in the involvement of negotiation, but some are exceptionally best at their communicating skills with others for what they want. It is not the same as conflict – you have to be willing to adjust or compromise or simply say No if you do not like the offer.

It is widely hated among youngsters of the present generation born between 1980 to 1985, but able to negotiate is a skill you need if you want to get ahead in your life career be it – Service or Business or for that matter any other thing where monetary dealing with goods and services are involved in the transaction. Being always optimistic in your noble life, prepared for the worst, and using active listening skills can boost your chances of success.

Here is some valuable advice for those best and noble kind-hearted friends who always find some good accused of them-selves not to be part of any domestic or international business negotiation meet or part of the team.

- **Always be Optimistic for life and events**

  If you go into a business negotiation deal, doubting your worth, there is a very good chance

  that you are not going to get what you have asked for. That's why it is important – Always stay optimistic in your life. Start from a positive posture with the start of the day, with the firm belief that you are going to taste success with the blessing of God and all well-wishers. Many times, the best negotiations result in a deal that is fruitful for both negotiating parties.

- Do your homework or ground-work

Preparing for a negotiation meeting is no different than the work you would do for any other important task. Prepare well in advance for a challenging conversation, so you can anticipate hard questions and be able to navigate from them well on facts and figures available to you. "Do some home-work for your project towards (soul searching) what is possible during question hour, and do not second guess yourself before you get your ask out of the mouth. Look at things from their point of view as well of yours when to walk away from negotiation.

- Have a Strategy

This is one of the basic principles important for every negotiation. The first offer is usually important so make sure to plan and make an aggressive one. As a potential buyer for the business deal, do not disclose your budget or other limitations in your negotiating position. Develop some good habits to give something to others without hurting your negotiating position.

- Negotiation is not a conflict

General people most of the time observe that negotiation as a win or lose and they fear the other side will win easily and they will lose a fight without taking chance on their part for God gifted ability given to them. But when something is nicely taken care of the deal, it can be a win-win situation for everyone. All it takes is 'talking with a goal in the mind to achieve it'. If you shift your idea of negotiating from conflict to some positive conversation to develop a solution for everybody, you will realize that there are more rewarding opportunities than reasons to be afraid.

- Always be an active listener in life

When you find yourself in the heat of negotiation, it is better to keep the process moving in the right direction by asking open-ended questions that help you to find some reasonably good solution. It is simple: you ask the question, let the other participant answer, then repeat the answer to help the other participant feel as though they were heard seriously on the questions asked for.

- Be Assertive

From the moment you sit down for negotiation, your body language, eye contact, hand signs, and word choice can have an immense effect on how the conversation is going to flow in which direction. Always challenge the first and lowest offer in price on many fronts with the best solutions that can be provided, even when it is better than what we were expecting. Otherwise, the other side will feel they did not get a good deal and you will wonder if you did too. Even if the other side (competitor) asks for something different first, still put your questions/queries on the table.

- Always learn to Say No

When you have reached an impasse and it does not appear that you will be able to walk away with dignity and / or mutual respect between the two parties, it is time to make a full stop. Perhaps plan a time to revisit the conversation with better solutions or take a break and decide on a different approach to reach your goals to taste sweet success at the end.

- Simplicity and Time punctuality

Always wear simple nice colour shade clothes during negotiation meetings for a lasting impression on everyone. Must reach your negotiation venue before 15-20 minutes to make your body comfortable, if lacking in something, minor adjustments can be made at the earliest. If the negotiation place is a foreign country try to be in that country before one day of business negotiation meeting in advance to remove jet lag, immigration, time zone difference, visa and to be well versed with local formalities / customs, etc.

- Closing the Deal successfully

Successful negotiation requires a unique sense of timings, creativity, and the ability to anticipate the other party's next move.

It is just like a game of chess in which every move is well designed to set up only your next move but many other moves. Generally, keep your strategies or moves progressively smaller so you can anticipate and expect the same from the other party.

Always make sure to have an endgame in mind as you plot your strategies, and be prepared to make the last-minute changes on a real-time basis.

These key measures are very important and are required to unlock your ability to get the best deal possible under any circumstances. By implementing these few measures, you can master the art of negotiation.

Negotiation is an art and it is all about relationships. By cultivating them properly you can also maintain great relationships with your clients on the table and business at large. This way even if you are not closing an agreement, you are still creating and cultivating long-term relationships which can be instrumental for any business event in the future time to come.

Misery is a by-product of a lazy mind.

Happiness is a by-product of an alert mind.

Stop kicking yourself with regrets and guilt feelings.

Learn from your mistakes and give up feelings of being guilty.

You will find yourself happy.

Judge nothing, you will be happy.

Forgive everything, you will be happier.

Love everything, you will be the happiest.

Ashok Bakshi

Eight Special Economic Zones (SEZs) have been approved for the Agro and Food Processing Sector in India

Eight Special Economic Zones (SEZs) have been approved for the Agro and Food Processing sector in India. Out of these 8 SEZs, 7 have been notified and 3 SEZs are operational. Presently, there is no SEZ for Agro and Food Processing sector in Maharashtra. Details of Agro and Food Processing SEZs in India is given below:

List of Agro and Food Processing SEZs in India

Sl. No.	Name of the developer	Type of SEZ	Location	SEZ status
1	Kerala Industrial Infrastructure Development Corporation (KINFRA)	Agro Based Food Processing	Malappuram District, Kerala	Operational
2	Parry Infrastructure Company Private Limited	Food Processing	Kakinada, Andhra Pradesh	Operational
3	CCCL Pearl City Food Port SEZ Ltd.	Food Processing	Tuticorin District, Tamil Nadu	Operational
4	Nagaland Industrial Development Corporation Limited	Agro and Food Processing	Demapur, Nagaland	Notified
5	Ansal Colours Engineering SEZ Limited	Agro and Food Processing Products	Sonepat, Haryana	Notified
6	CCL Products (India) Limited	Agro based Food Processing	Chittoor District, Andhra Pradesh	Notified
7	Tripura Industrial Development Corporation Limited	Agro Based Food Processing	South Tripura District, Tripura	Notified
8	Ak Shaypatra Infrastructure Pvt. Ltd.	Food Processing	Mehsana, Gujarat	Formal Approval

The State-wise revenue generated by Food and Agro Industry units in SEZs during the last two years and current year is given below:

(Rs. Crores)			
State-wise	2019-20	2020-21	2021-22 (Upto 30.09.2021)
Andhra Pradesh	7.80	14.41	5.12
Gujarat	21.94	41.32	25.65
Karnataka	6.93	19.64	7.06
Kerala	7.22	6.08	3.39
Madhya Pradesh	17.65	13.23	6.44
Maharashtra	0.02	0.01	0.05
Uttar Pradesh	0.02	0.01	0.01
West Bengal	0.17	0.01	0.31
Total	61.75	94.71	48.03

EPCES at your Service

Query: - query@epces.in

Dear Members,

To serve our members in an effective and useful manner, EPCES had created a special e-mail id i.e. query@epces.in. Given that, we had appointed Grant & Thorton as a Knowledge Partner to respond to the queries raised by our members more instantly and effectively.

EPCES members may share their queries on the following issues and take benefit of the services related to:

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

We hope that our members are taking advantage of the services offered by us. In case if you like to share your suggestions /feedback on the concerned services, kindly mail us at Newsletter@epces.in , dg@epces.in.

We are committed to serving you better.

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

How to Create A Business Continuity Plan

By Dr. Sabyasachi Gosh

A Business Continuity Plan (BCP) is a vital document used to identify and mitigate the impact of potential threats and disasters on a business. This article explains what a BCP is, why it is essential and how to make and implement one."

You can't always prevent or avoid catastrophe from disrupting your business, but you can determine how you and your employees react to such disasters. As with many things in life and business, having a plan is vital, and that's why most successful companies always have a Business Continuity Plan (BCP) in place. This article will go over what a BSP is, why it is so important, and how to create and implement one.

What Is a Business Continuity Plan?

In short, a BCP is a document that outlines how a business will continue its operations in the occurrence of an unplanned service disruption. It is sometimes confused with a Disaster Recovery Plan (DRP) or a Business Impact Analysis (BIA) but is more comprehensive and all-encompassing than either. As we will see, a DRP and BIA are two smaller parts that make up a BCP.

Why Is A Business Continuity Plan Important?

Whether it's the result of a technological error, natural disaster, or freak occurrence, catastrophe can result in the processes that make up your business coming to a halt; This can result in loss of income, delayed or poor customer service, and potentially even fines. However, a reliable plan can prevent chaos and confusion, get the company's processes back up and running as quickly as possible, and keep the company competitive. To put it simply, it could mean the difference between your company's survival and its unfortunate end.

Who Should Be Involved In Creating Your Plan?

Before you start developing your BCP, you'll need to decide whom you'll need to communicate with to ensure an effective strategy gets put in place. Of course, whom you choose will depend on the nature and size of your business. Generally speaking, though, you'll want to engage with those with knowledge on how the company produces its services, manufactures its products, key supply processes, product distribution, and regulations. It can also be helpful to draw upon the knowledge of anyone who has worked through a disaster before, as they may have critical insight.

Assess Your Resources & Processes

The first step in creating your BCP is to assess your business processes, identify the potential threats to these processes and the likelihood of them occurring. Once you've done this, you can determine the vulnerability of these areas and the potential impact and losses that could arise if they were to fail. This stage of the BCP is what's known as Business Impact Analyses. You will also need to determine your key resources and how long the business can survive without them. Resources include staff, contacts, documents, equipment.

Create Your Contingency Plan

Once you've listed your essential resources and processes, it's time to develop your contingency plan. First, you'll need to identify alternatives to the equipment you currently have and through what services you could obtain these. For example, you might need to temporarily rent office equipment and supplies if yours gets destroyed or is out of action. Next, identify potential locations your business could operate from if your current premises become unavailable. It might also be worth considering whether staff will be able to work from home.

If you run a shop, you might need to consider how you'll go about replacing stock or looking at alternative suppliers. If you depend upon IT operations, you'll need a disaster recovery plan in place to ensure the quick recovery and restoration of IT infrastructure. You'll also need to consider what insurance your company may require to alleviate the costs of potential damages.

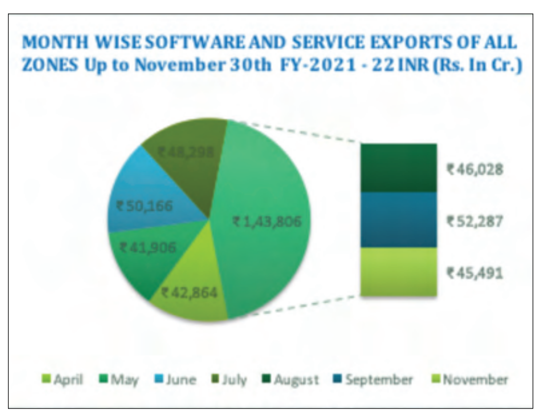
You'll need to delegate which employees are responsible for what and whom the responsibility falls to should certain employees become unavailable. Such may require extra training in some instances. Finally, once you've created your plan, it will need to be written up, and copies made for each employee who requires one.

Review and Test Your Plan

The BCP will need to be reviewed regularly, at least once a year or whenever there is a change in business operations. Such changes include, but are not limited to, changes in staff, relocation of the business, change of supplier or key contacts, or a change in the products or services the business offers.

It can be helpful to test the BCP via a simulation such as a structured walk-through or table-top exercise. Don't go easy on the BCP, but instead try to break it if you can by imagining increasingly bad scenarios. Doing a simulation like this can check the rigor of your plan and help train staff.

Dr. Sabyasachi Gosh,
Regional Director Falta SEZ EPCES



News from the Region

SEEPZ

EPCES SEEPZ Zone webinar with ECGC on 29th December, 2021 on "Export Credit Risk Insurance and the role of ECGC in supporting exports"

EPCES SEEPZ Zone organized a webinar with ECGC on Export Credit Risk Insurance and the role of ECGC in supporting exports. Mr R K Pandian, DGC and Regional Director West made the presentation covering ECGC and its services extended to the exporters. Shri Vijay Gujarathi, CGC Member and former Chairman West EPCES while addressing the participants welcomed the speaker and was also of the opinion that ECGC has been extending facilities over a long period for the benefit of the exporters at large. We shall look forward to receive a note from ECGC extending facilities to EOU & SEZ Sector. He further said that the members / units can put forward to their suggestions on topics for discussions through webinar which EPCES can organize accordingly.

Presentation by ECGC: ECGC an Export Credit Agency set up under the Companies Act 1956 is 100% owned by the Government of India under the administrative control of the Ministry of Commerce & Industry. It is governed by the Board of Directors and regulated by the Insurance Regulatory and Development Authority of India (IRDIA).

Cochin SEZ

Webinar on SEZ Policies & Procedures

The EPCES Cochin Regional Office in association with the WTC, organized a Webinar on SEZ Policies & Procedures on 12 October 2021. Sri K K Pillai, Regional Chairman, CSEZ made the introductory address. The speaker was Mr. Krishna Barad who is a customs and International Trade expert from BDO India. The topics covered were softex filing, WFH Guidelines -Sharing of assets between SEZ & EOU, Debonding / Exit / Denotification / relocation etc., future of the SEZ Scheme in the light of trade dispute at WTO, Baba Kalyani committee recommendations, etc.

About 380 participants attended the webinar and the program was well appreciated.

Mr. Krishna Barad, BDO India, Mr. K K Pillai, Regional Chairman, EPCES-CSEZ, Mr. Hrisikesh, WTC & Dr. Bose K Nair, then Regional Director, EPCES-Bangalore

Seminar on "Holistic Health in the New Normal- Beyond the Physical"

EPCES, Cochin organised a Seminar on "Holistic Health in the New Normal- Beyond the Physical" for CSEZ in commemoration of the International Yoga Day.

The program was in direct meeting mode, arranged in the conference hall of CSEZ complying the COVID Protocols. Sri D V Swamy IAS, Development Commissioner, CSEZ delivered the keynote address. Dr. Nair, a renowned psychiatrist and Dr. Jaya Lalmohan, gynecologist working with NHRM and a holistic trainer were the subject experts. About 40 participants from the units as well as DC Office attended the program. This was the first direct meet organized in CSEZ post COVID period.

Sri. Lalmohan, Dr. Jaya Lalmohan, Sri D V Swamy, DC, CSEZ and Dr. Nair seen on the dais.

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The Development Commissioner in his address emphasised the need for health beyod the physical, the theme given for the International mental health day for 2021. In the pandemic scenario, the inner and external health needs to be cared and the strength to fight the adversities has to be attained.

The experts guided the participants on the importance of mental as well as physical heath and reminded that the physical health will come only when the mind is calm and healthy. Stress management techniques were discussed, and participants interested in learning yoga/ wellness practices were asked to contact the masters directly.

Swachatha Pakwadha Program

Swachatha Pakwadha Program was organized by the CSEZ inside the Zone area to educate the importance of cleanliness and systematic maintenance of the same in the workplace and how such practices will help in improving the health of the people around as well as the environment. Street Drama and Workshops on awareness of swachatha were conducted.

Sri K K Pillai, Regional Chairman, EPCES-CSEZ addressing the meeting.

Swachatha Ambassadors were nominated from each SEZ units and they took the swachatha pledge. Workshop on importance of clean and healthy place of work was organised.

Plastic Bottle crusher installed inside the zone was inaugurated by the Chief Guest, famous Malayalam

Cinema actress, Ms. Prayaga Martin as a move towards plastic free Zone.. The EPCES Regional Chairman, Sri K K Pillai who is also the President of the CSEZ Industry Association made a special address.

Webinar on "Changing Landscape of India's Export Control Regime"

Webinar on "Changing Landscape of India's Export Control Regime" was organised in association with WTC on 8 December 2021. The speakers were Ms. Garima Prakash of NASSCOM and Mr. Krishna Barad of BDO India. Sri K M Harilal, Joint DGFT, Kochi delivered the keynote address and Sri. K K Pillai, EPCES Regional Chairman did a special address.

Sri K M Harilal, JDGFT Kochi, Sri Vivek George, WTC, Sri K K Pillai, Regional Chairman, EPCES, Sri Krishna Barad, BDO India, Sri Dinesh Sreekumar, NASSCOM and Ms. Garima Prakash, NASSCOM.

India's Foreign Trade (Development & Regulation) Act, 1992 ('FTDR Act') provides for the development and regulation of India's international trade. The FTDR Act has been enacted with an intention to provide a framework for the development and standardization of India's foreign trade by the way of facilitating imports into enhancing exports from India and all the other matters related to the same.

The webinar discussed in brief about basics of Export Controls, India's National export control list i.e. SCOMAT list, four multilateral export control regimes, Supplies to SEZ, dual use items, authorization categories and details, latest additions and amendments to the controls and SCOMAT list, etc.

There were more than 100 participants from the trade and industry.

India EXIM Bank
Outreach Program in association with FICCI

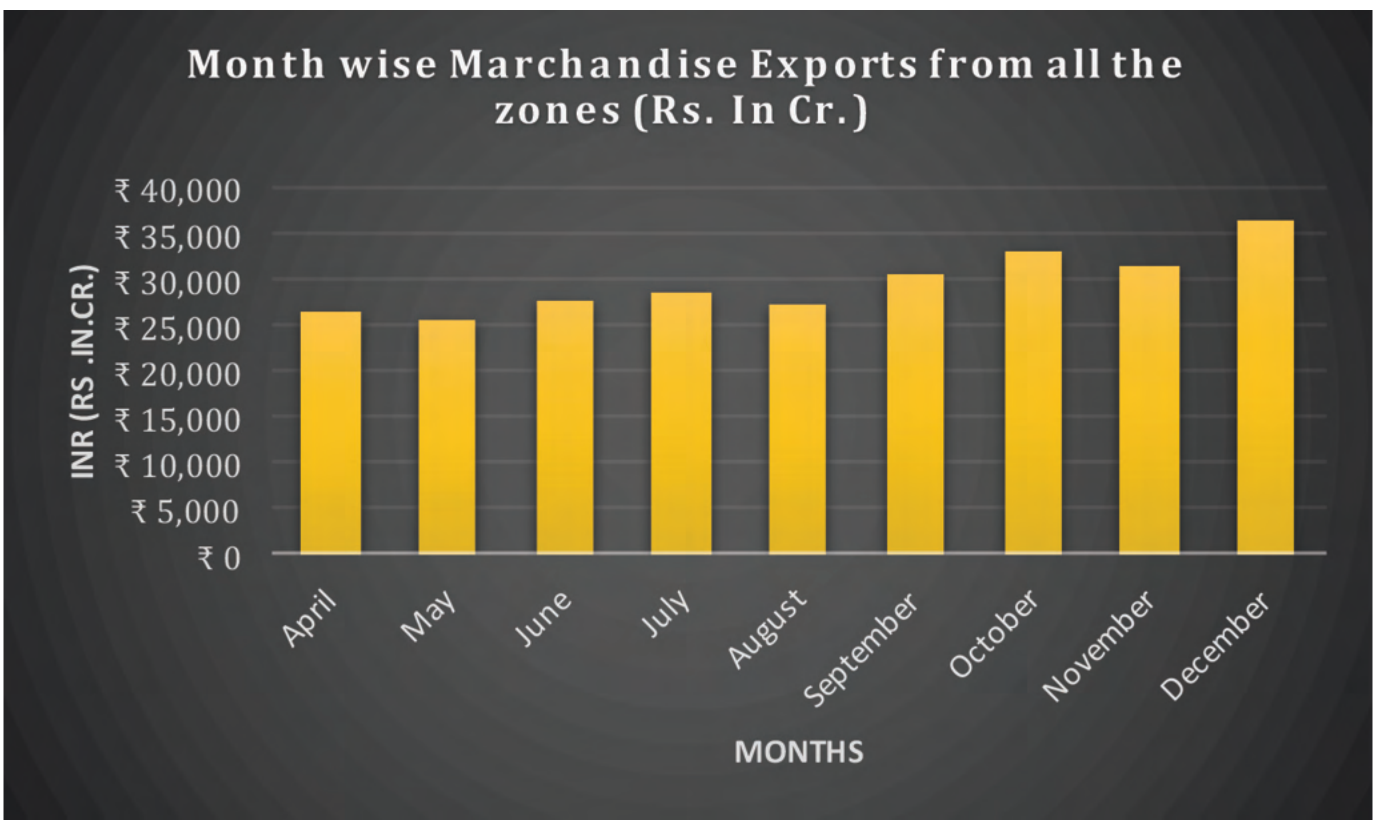
India Exim Bank, in the process of taking certain new initiatives like Trade Assistance Program, Ubharte Sitaare Fund (USF), Factoring, Countertrade, etc. towards supporting SMEs and boosting exports from the country in coordination with the Scheduled Commercial Banks and Other stakeholders desired to have have interactions with trade & industry members to seek their valuable inputs on the above initiatives.

In this regard, EPCES Cochin joined with FICCI organising a webinar on 16 December 2021 along with SIDBI and Visveswaraya Trade Promotion Center (VTPC).

Mr S R Satheesha, Director (Exports) and Managing Director, Visvesvaraya Trade Promotion Centre (VTPC), Karnataka, Mr Ullas Kamath, Chairman, FICCI Karnataka State Council, Mr. K K Pillai, EPCES Regional Chairman and Ms. Sree Rajmohan, Regional Director, EPCES Cochin represented the organizing team.

Ms Yogita Hatangadi , Regional Head and DGM, India EXIM Bank and Ms. Swati Bhutoria, SIDBI gave detailed information on the proposed trade assistance programs.

The program was highly appreciated, and the various questions raised by the participants were taken up and answered by the officials from the Banks. It was informed that the inputs received during the program would be duly considered by the Exim Bank while finalising the Programs / Schemes.



A R M REDDY

VSEZ CHIEF A R M REDDY GETS NOD FOR REPATRIATION TO PARENT CADRE AS PCCF

Shri A. Rama Mohan Reddy, IFoS 1988 batch of Himachal Pradesh Cadre, on Deputation to Ministry of Commerce as Zonal Development Commissioner, Visakhapatnam Special Economic zone. He joined as Development commissioner, in March 2019, but recently the Govt of HP has asked for his willingness for considering him for the post of Head of Forest Force, in HP, for which Mr. Reddy gave willingness and consequent to that, he sought immediate relief, which the DoPT has granted with the approval of ACC. Now Mr Reddy will relinquish the charge on 14th October and the Charge will be handed over to Sh D V Swamy of CSEZ, Cochin till a regular DC is appointed by ACC which is already under process. Mr. Reddy also relinquished the additional charge of APSEZ as per the directions of DoC.

Shri Reddy, expressed his satisfaction over the performance of VSEZ during his period and according to Mr Reddy, after his taking over the reins of VSEZ, the zone has been converted into a green zone, and also the exports from VSEZ with 62 SEZs and 569 Units, spread over 3 states, providing employment to 4.5 lakhs directly has increased from Rs. 74747 Cr in March 2019 to Rs. 1.14 lakh Crores in 2020-21 despite pandemic and has shown a cumulative growth of 52% in just 2 ½ years. Even during the current year in the first half of the FY, the Zone has achieved exports of Rs 54720 Cr with growth rate of 23%. The staff and entrepreneurs of VSEZ and EPCES-VSEZ, has bid farewell to the officer in commemoration of his services to the zone.

The Government of India is thriving to position India as a global leader in new and emerging technologies. Cochin Special Economic Zone (CSEZ) has kickstarted building a vibrant ecosystem to achieve the above objective. CSEZ has created world-class office space in its new project CSEZ Techno Centre (CTC) at Kerala's commercial capital Kochi to build leadership and build the next wave of budding entrepreneurs in the emerging technology sectors. CSEZ invites entrepreneurs to partner with us and be future leaders. CSEZ has invited E-tender cum e-auction for allotment of office space to reputed, experienced and financially sound organizations eligible to set up an IT/ITES unit in CTC Building, CSEZ. Kochi.

WHY INVEST?

- Abundant availability of Skilled manpower
- Benefits of SEZ incentives
- Connectivity to airport, metro and sea port
- Diverse environment with global outlook
- Ecosystem for innovation, startups R&D and presence of global corporates
- Fast Track Clearances

KEY HIGHILIGHTS OF THE PROJECT

- The built-up space available in each floor is divided into four modules of approximately 2500 Sq.ft. A bidder has to bid for a minimum of approx.2500 Sq.ft. (one module) or its multiples.
- Eight modules earmarked for startups
- Reserve price is Rs.35/Sq. ft./month
- Lease period of 15 years.
- Provision for vehicles parking.
- Close to IT-parks.
- Quality amenities like Optical fiber network for high speed Internet, uninterrupted power, water supply, Common Effluent Treatment Plant (CETP), Biogas plant, warehouse for storage requirements and other amenities.
- The building overlooks the Seaport-Airport road and is adjacent to the proposed Kochi Metro Station and close to District Collectorate.
- Availability of support infrastructure like good quality residential spaces, world-class malls, retail spaces, educational institutions, healthcare centers, etc.

Contact us:

Secretary-In-Charge

Cochin Special Economic Zone (CSEZ)

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Visit us at : www.csezauthority.in/tenders

Buck for the Semiconductor Industry India ready for the low cost and high-volume Semiconductor game

Ajay Srivastava (ITS)

Intel's Craig Barrett said semiconductor micro- processors are the most complicated devices ever made by man. In that context, the $ ten billion incentive packages approved by Cabinet to create a semiconductor ecosystem in the country signals a big break from the past.

It is no more about assembling a product in India from the imported components. It could be the first natural step towards becoming a design and manufacturing hub in computers, electronics, medical, automobile, and many other industries.

The local semiconductor industry would cut the supply glitches for over 70 consuming industries and cut the chip import bill expected to touch $100 billion in a few years. Cracking the semiconductor business will change the way the world looks at India. How do we play this game to our full advantage? An understanding of the product and semiconductor industry would be helpful. As the name suggests, a semiconductor is a material that allows electricity to pass more than an insulating material like glass but less than a good conductor material like copper. Memory chips, microprocessors, and integrated chips are the basic types of semiconductors. Semiconductor devices are the heart of automobiles, laptops, phones, medical equipment, satellites, home appliances. Emerging technologies like AI, 5G, or driverless cars cannot progress without a fast and cheap semiconductor industry.

No wonder, after petroleum and cars, semi-conductors at an annual turnover of $ 500 billion are globally the most-traded products. Share of Chips and associated circuitry cost exceeds 20 percent in advance electronic devices. The race among the global semiconductor firms is to produce smaller, cheaper, and faster chips to enable more powerful, affordable, and functional devices. To stay ahead in the game, semiconductor firms invest a quarter of their annual revenue on R&D, the highest figure for any industry. Such large investments resulted in exponential performance in Chip performance in past four decades. If the automotive industry had achieved similar improvements, a BMW would cost only $30 today.

Most industry was located in the USA in the pre-1990s. The US was leader in all parts of value chain. Soon cost pressures led to development of close-knit supply chains where individual firms focused only on core activities. Let us understand what parts of the supply chain India should focus on.

One - R&D intensive activities like electronic design automation (EDA), core intellectual property (IP), and chip design. The US is the leader in this segment. India can get part of the business by supporting its existing chip design experts and funding technology and innovation centers, including top engineering colleges. Government has plans to support over 85,000 semiconductor engineers for the next 20 years.

Two - Setting up semiconductor fabrication facilities or Fabs for making of advanced chips. Such Fabs cost more than ten billion dollars in annual investments. The investment fails if a competitor introduces even a marginally better product. Despite investing billions in past decades, China could not match the advanced 3-5 nano meter chips produced by Qualcomm or Intel.

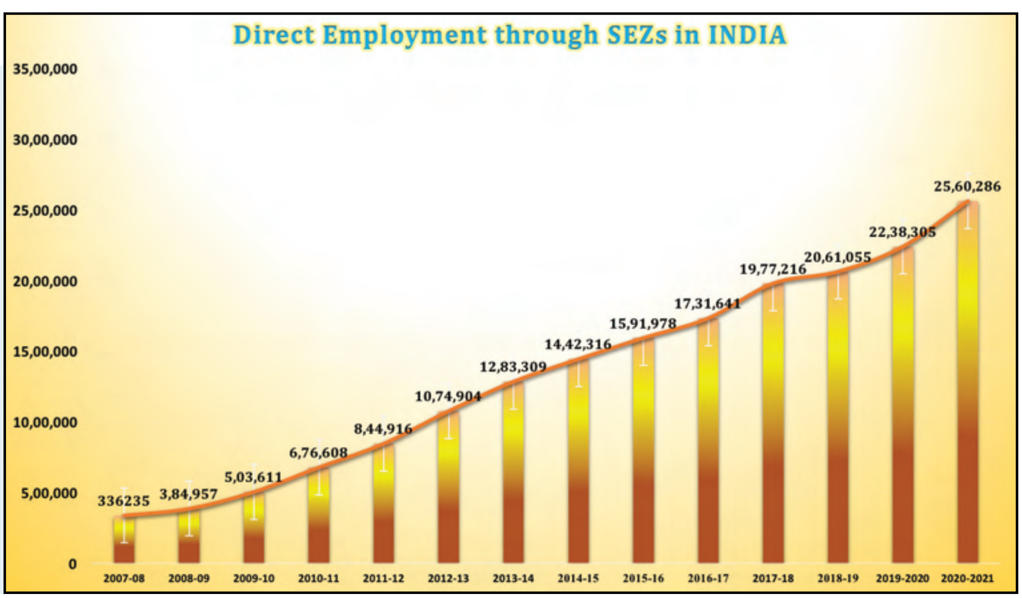
A nanometer is the one-billionth part of a meter. It is a measure of distance between the nearest two transistors located in a square centimeter size of a chip. Advance chips contains more than a 15 billion transistors.

Most Fabs are located in Taiwan, S. Korea, and Japan. After past years' Covid related supply disruptions and tensions between the US and China, the US, Japan, and many other countries announced plans for setting up local Fabs. Many believe that by 2024, the world may have a surplus capacity for high-end Fabs.

Considering the above, India may focus on making medium and low-end chips. This means chips where the distance between two transistors is more than 20 nanometers. Except for high-end smartphones and laptops and few advance applications, such chips are used almost everywhere-white goods, power electronics, low-end phones, medical devices etc. After tie-up with network partners, a workable Fab may be ready in less than a billion dollars. Much of the expertise needed for making such chips is available with local firms. This will allow India to become a high volume and low-cost original design manufacturer (ODM) for medium and low-end chips. An ecosystem of Indian firms will soon develop to design and manufacture products for branding and sale by another firm. Most of these would be original equipment manufacturers (OEM) located in developed countries. We may soon switch to our own brands. Many countries manufacturing low-end chips may find it challenging to match the Indian ecosystem and prices. India's strengths in tech support, documentation, and legacy product support would be tough to beat. Three-Assembly, testing, and packaging (ATP) segment. This segment captures 10% of the value. China is the current leader. With low-cost skilled technical manpower, India is a natural choice to take some part of the business. To sum, focus on three segments: semiconductor design, setting up of Fabs for medium and low-end chips, and ATP will create a healthy semiconductor ecosystem. It would need an efficient supply chain, with core suppliers tied up in long-term contracts.

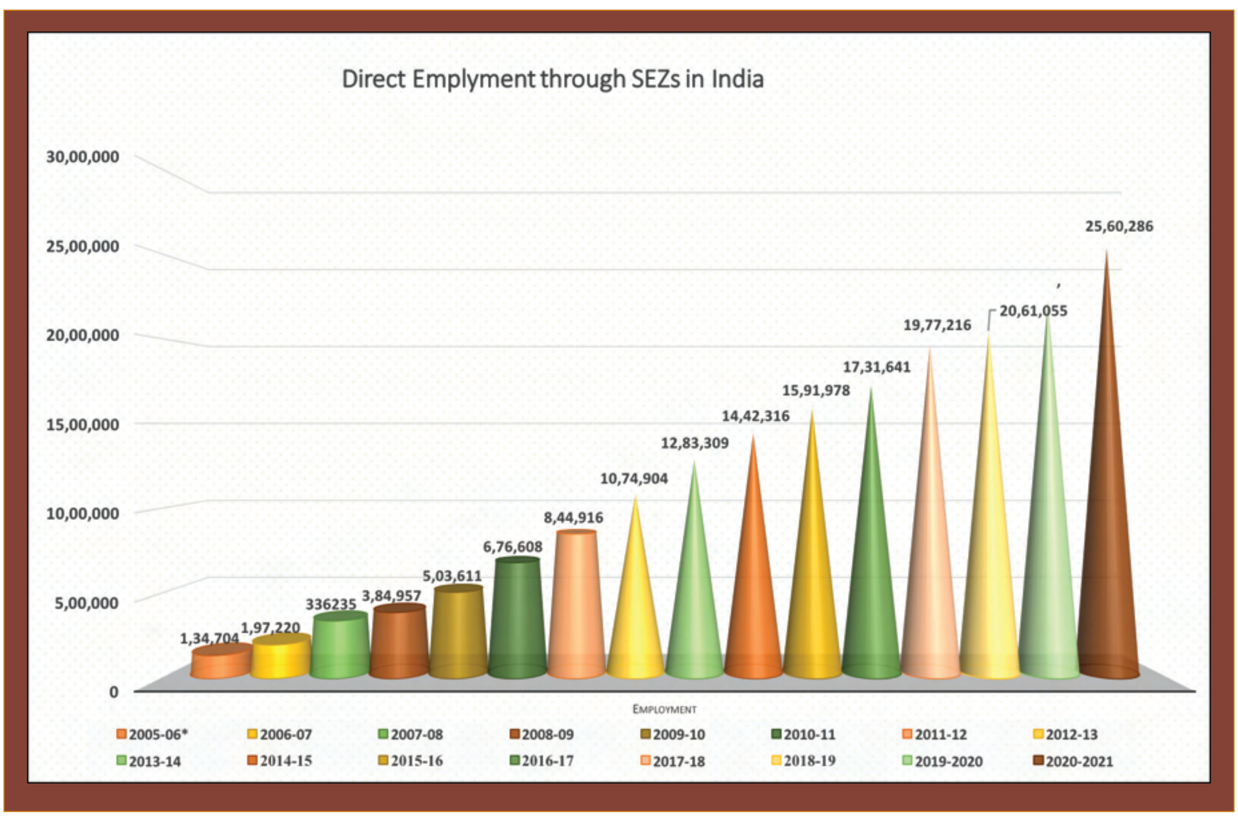
Given the existing expertise in all segments of the semiconductor value chain, we may see the repeat of the low-cost generics model. Not long ago, India supplied AIDS antiretrovirals drugs at less than a dollar a day to African countries. The price charged by large pharma from poor African countries was 12000 dollars per person for one-year supply. India can soon hope to supply sub-50-dollar chips to Africa and the world.

Let's hope the initiative launches a million new smart enterprises.



Export Performance of EOUs & SEZs

Year	SEZ				EOUs				Total			
	Rs. In Crore	Growth %	US $ Million	Growth %	Rs. In Crore	Growth %	US $ Million	Growth %	Rs. In Crore	Growth %	US $ Million	Growth %
2010-11	3,15,868	43.11	65806	42.96	76031	-9.16	15857	-9.16	391899	29	81663	29
2011-12	3,64,478	15.39	68769	4.50	79343	4.36	14707	-7.25	443821	13	83477	2
2012-13	4,76,159	30.64	87546	27.30	92090	16.07	16932	15.12	568249	28	104478	25
2013-14	4,94,077	3.67	82209	-6.10	89642	-2.66	14916	-11.91	583719	3	97125	-7
2014-15	463770	-6.13	73614	10.46	98803	10.22	15683	5.15	562573	-4	89297	-8
2015-16	467337	0.77	70809	-3.81	97493.23	-1.33	14772	-5.81	564830	0	85580	-4
2016-17	523637	12.05	80760	14.1	103277.94	5.9	15928	7.8	626915	11.0	96689	13.0
2017-18	581033	10.96	90139	11.6	86083.06	-16.6	13354	-16.2	667116	6.4	103493	7.0
2018-19	701179	20.68	107801	19.6	87371.74	1.5	13433	0.6	788551	18.2	121233	17.1
2019-20	796669	13.62	112493	4.4	102493	17.3	14472	7.7	899162	14.0	126965	4.7
2020-21	7,59,524	-4.66	106079	-5.70	85,232.88	-16.8	11904	-17.74	8,44,756.88	-6.0	117982.80	-7.07



Success Story

Sri City SEZ The pulsating hub of Andhra Pradesh

Great things are done by a series of small things done together. This adage by the renowned artist, Vincent Van Goh, rings crisp the context of our ensuing story. In this essay, we explore and tread the path trod by Sri City- the jewel in the crown of Andhra Pradesh, relive its glories and explore their vision and the path that this sprawling integrated business city forsees.

With a deep bond to his roots, Sri City and its journey has been orchestrated by the effervescent and ever approachable, Mr. Ravindra Sannareddy, the Founder Managing Director of this vibrant Business City. A true son of the soil, he has played a transforming role in bringing about a colossal change to what was once, one of the most backward regions of the state. Having lived and witnessed the workings and capabilities of some of the most advanced nations of the world, Mr. Sannareddy began to murmur deep longings to bring such practices to his place of birth. Thus came the winds of change in early 2006, when the conception of Sri City came into being. Developed on the prime of being a SEZ, Sri City's vision expanded immediately with the Industrial Park envisioned to also house a Domestic Tariff Zone and an Electronics Manufacturing Cluster along with the Special Economic Zone and Free Trade Warehousing Zone. The city, which has been built on the concept of 'Work, Live, Learn and Play', is today a fully integrated Industrial Park that not only houses manufacturing units, but has a thriving social infrastructure too.

The sprawling and state-of-the-art Business Centre in Sri City houses plug and play facilities, supports incubation and offers a number of services

Successes of businesses are entrenched in a web of many factors. Factors that must cohere to bring forth accomplishments. And, for an industrial manufacturing hub, one of the key threads of the web is its location. Quick and easy access, to all means of logistics allowing for unhindered movement of goods to places within the land, as well as overseas. These, along with a conducive environment are key factors that enhance productivity and keep the wheels shining.

Located just off the metropolis of Chennai, as one enters our sunshine state of Andhra Pradesh, Sri City offers some of the best logistics to its clients, with quick and easy access to the National Highway which runs adjacent, four operational deep-water ports allowing for efficient transportation of goods and of course two international air terminals in Chennai and Tirupati. Besides this, the Industrial Park is just a short distance away from the Sullurpet cargo terminus. This location, coupled with its world class infrastructure of internal network of roads, unhindered power and water supplies and practices that promote a green living, has turned into a haven for manufacturers from around the world. Sri City Industrial Park today boasts of over 190 manufacturers from 28 countries. Thus, making the Industrial Park perhaps one with the greatest number of MNCs concentrated in one location.

Inaugurated on August 8, 2008 by the then Chief Minister of Andhra Pradesh, late Dr. Y.S. Rajasekhara Reddy, Sri City SEZ began its journey into a world that is ever more inter connected. And, thus began the transformation of this once backward region, into one of socio- economic prosperity and an investment destination for industries from around the world.

“Sustainability has been the core of our development and is still the driving mantra for all that we do in Sri City”, says Mr. Ravindra Sannareddy. Dwelling more on this subject of sustainability, we learn from the Founder Managing Director of the deep meaning that this term has had on the Industrial Park and of how the company has ingrained it into their ethos. “Right from the phase when we began to identify and acquire the land for Sri City, we ensured that we did not do anything in silo. The people were taken into confidence, their conundrums addressed and thereafter fairly compensated for their lands”.

This ‘consent-based land acquisition’ concept has been corroborated by the Institute of South Asian Studies, Singapore, as one of the best and fairest land acquisition processes followed. The resultant social entrepreneurship created a positive vibe between entrepreneurs and the inhabitants in the Sri City area. Consent was received in a record period of just one and half years. Sri City’s commitment towards the upliftment of the people of the region did not culminate here. The Industrial Park went about in earnest to set up skilling centres, making the populace ready to find employment in the companies that were to come into the SEZ to set up their manufacturing units. Beyond this, Sri City promotes the usage of services of the local populace. Services during the construction phase that include activities like land filling, supply of material, etc are encouraged to be sourced from the local population. This small, but significant step along with the creation of employment opportunities has catalysed the economic prosperity of the people of the region.

The proof of the pudding lies in the fact that, there doesn’t exist even a single household that is in debt in the vicinity of the Industrial Park.

Along with these measures, the Industrial Park has set up a number of people support infrastructure that include hospitals that include General, Dental, Eye and Paediatric care, schools, universities, shopping arcades and housing complexes. These have had a profound effect on the people of the region. Besides augmenting the facilities of the Industrial Park, these have allowed the people of the region easily access robust healthcare and education. Even in the numerous villages that dot the periphery of the Industrial Park, Sri City, has played a pivotal role in the strengthening of the infrastructure of the schools, looking after medical care, ensuring clean drinking water and the overall hygiene of the people.

Besides people centric initiatives, the Industrial Park is very stringent on the environmental parameters in the city. Green cover abounds the manufacturing hub where only non-pollutant industries are permitted to operate. This, along with measures like rain water harvesting and state of the art managed sewage treatment plants and a solar plant churning out 8 Mw of clean green energy powering all common facilities ensures that the city remains carbon neutral. A huge achievement and initiative for an industrial manufacturing hub. Towards these measures and more, Sri City has been conferred the IGBC Gold Rating. However, we are to understand that the company aims to finally be classified in the Platinum Rating making it carbon negative.

“The Government of India and Andhra Pradesh have played a pivotal role in helping us set up. Their handholding and guidance have been crucial in the development of the park. Bodies like the Development Commissioner’s office, Government of India, Andhra Pradesh Industrial Infrastructure Corporation (APIIC), Industrial

An aerial view of Sri City

Area Local Authority (IALA), among others have been at the forefront in ensuring that Sri City has become what it is today", Mr. Ravindra Sannareddy goes onto say. While acknowledging the role of the government, Mr Sannareddy also emphasises that with the advent of the sunset clause on the SEZ, it is in the interest of the nation, to relook into the SEZ act and reignite the benefits extended to companies that set up operations in the SEZ.

"SEZs play a pivotal role in substituting the imports of the country. They earn valuable foreign exchange, augment the revenues of the governments, both at the centre as well as at the state levels, create employment opportunities and most importantly stamp the 'Made in India' label across the world. It is therefore imperative that SEZs continue to attract manufacturers" says Mr. Ravindra Sannareddy.

Of the 190 companies that call Sri City home, 38 operate in the Special Economic Zone of the Industrial Park. With investment of over INR 4000 Cr, these companies have played a pivotal role in the generating substantial revenues through exports. Sri City SEZ is a multi-product one, manufacturing a huge array of products that include Pharmaceutical Devices and Formulations, Engineering Goods, Food Products and Electronic Components among others. These establishments are supported by a dedicated customs clearance office, a number of banking facilities with vaults to handle the precious metals of gold and to further ease business operations, the Development Commissioner and his staff are seated in the SEZ.

Employing over 4000 people either directly or directly, the SEZ recently recorded over 1 lakh crores in its annual turnover. These figures speak volumes of the potential of the SEZ and the resilience that industries exhibited when the ravages of the Covid-19 pandemic was creating havoc all around.

With investments of over INR 4000 Cr, 38 companies are operational in this sprawling SEZ which plays a pivotal role in substituting imports by bringing in substantial revenues from its exports. The cumulative exports from Sri City SEZ stands at a whooping 16000 crores as of the 31st of December 2021. These figures are significant and a testimony to the resilience of the SEZ even when the Covid-19 pandemic, was raging across the country and the world. Besides this, companies in the SEZ have played a significant role in stepping up and extending a helping hand in the fight against the Covid-19 pandemic by producing much needed essential material. These range from liquid oxygen storage tanks and cylinders to protective gear and shields, Hydro Chloroquine Sulfate tablets to quick assembly carboard beds made from recycled paper. All this expressively exhibits the ability of companies in Sri City SEZ to quickly adapt its production lines to meet the need of the hour.

stadiums, truck parking bays with all amenities are some of the projects that are on the anvil. We have already operationalised a golf driving range and are even ramping up other recreational activities that one can experience within our Business City. Living in Sri City should enable a sense of fulfilment in a soul. We want citizens of Sri City to experience the best". Mr. Sannareddy goes on to say.

The world's largest mobile phones manufacturer Foxconn's manufacturing plant in Sri City

We once again reflect into the adage "Great things are done by a series of small things done together" that we mentioned at the commencement of this article, and see the in-practice demonstration of this noted aphorism.

"We built Sri City in the concept of 'Work, Live, Learn and Play'. As we step into another decade of this business city, we have begun to further scale up the amenities that we offer to our patrons and citizens. Additional housing complexes, supermarkets, play areas and

The value creation that this SEZ, or actually, Integrated Business City has been able to give to its patrons, exudes embrace. It radiates serenity, peace, sustainability and safety. Sri City has taken and woven a perfect weave where sustainable development for economics has allowed a city to thrive where-in living is a pleasure. The city has been able to extend human values that have percolated deep into the hearts of the people, who not only work here, but also live here.

Members Log - Indirect Tax Queries

S. No.	Details of EPCES Member	Category	Query from Member	Response by Grant Thornton
1	N.Saravanan |Taoka Chemical India Pvt Ltd	SEZ	Some of our buyers who purchases goods locally within India is under the opinion that units operating under SEZ need not maintain positive NFE more than five years from the commencement of commercial production. This issue arises when Indian Buyers looking for more volume from us and we denied to sell huge volume as we need to maintain positive NFE for every five year blocks.They are referring Chapter –VI Foreign Exchange Earning, Requirements and Monitoring point. 53, Net Foreign Exchange Earnings. (The Special Economic Zones Rules, 2006, (Act no,28 of 2005) Amended up to February 2020.Under this, it is mentioned as follows; "The unit shall achieve Positive Net Foreign Exchange to be calculated cumulatively for a period of five years from the commencement of production according to the following formula, namely:- "The other reference books also mentions the same. Many mistook the phrases stating that units in SEZ or EOU should maintain positive NFE ONLY FOR THE PERIOD OF FIRST 5 YEARS. Is it so ? or should we maintain positive NFE for every 5 year block?	Dear Saravanan, With regard to the query in trail mail, please note that as per Rule 53, NFE needs to be achieved cumulatively for a period of 5 years from the commencement of operations. The above needs to be read along with with the provisions relating to Letter of Approval of such unit. As per Rule 19(6) of the SEZ Rules, LOA issued for the unit is valid for a period of 5 years post which such LOA is required to be renewed and fresh LOA to be obtained by the unit. Therefore, on conjoint reading of the above provisions, positive NFE needs to be achieved even after the period of 5 years.
2	Sunil Malhotra Partner, MALBROS MARBLES & GRANITES INDUSTRIES (100% E.O.U.)	EOU	We are 100% EOU and procuring raw material from local suppliers and paying GST @ 5% and 18% on the local raw materials and consumables due to which our capital is blocked because of pending refunds and we are doing only export. Please confirm if it is possible to use Form A as per circular no. 14/14/2017 - GST dated 6th November, 2017 to	With regards to the same, please note that this issue has been addressed in the 22nd and 23rd GST Council meeting, as per recommendation of the council, EOU units were authorised to take tax free goods from DTA as per the procedure prescribed in the Circular No. 14/14/2017– GST dated 6th November 2017, On the recommendation of the GST Council, the Government issued the above circular followed by the notification to this effect. Rule 89 of the CGST Rules, 2017 has been amended suitably vide Notification

S. No.	Details of EPCES Member	Category	Query from Member	Response by Grant Thornton
			procure the raw material at 0% GST so that our capital is not blocked due to time taking in receiving refund from GST department. If as per this circular, GST will be charged then there is no benefit of this circular as refund would have to be claimed which is already claimed as per GST credit available. As the excise duty has been replaced by GST and during the excise regime there was a procedure of issuing CT-3 Form for procurement of raw material without payment of excise duty. Is there any similar form available for procurement of raw material and consumables on 0% GST? Kindly do inform us and oblige.	No. 47/2017- Central Tax dated 18.10.2017 to allow either the recipient or supplier of such supplies to claim the refund of tax paid thereon. Notifies supplies made to EOU as deemed exports vide Notification No. 48/2017-Central Tax dated 18th October 2017. Thus, tax paid on such transactions can be claimed as refund either by the recipient or by the supplier.
3	SHASHI KUMAR Senior Trade Compliance Specialist Garrett Motion Engineering Solutions Private Limited	SEZ	We want expert advice, on the below extract from the EPCES portal . We want to know is SEZs Permitted to sell in the DTA without duty or with a 'equalisation duty'.	Please note that at present vide provisions of Rule 47 of SEZ Rules,2006, an SEZ unit can sell goods to a DTA unit. Wherein such supply will be considered as import of goods and applicable custom duties shall be payable as per section 30 of SEZ Act along with applicable IGST. This is required to be remitted by the importing unit. Further, regarding your query on sale in DTA without duty or with an 'equalisation duty', please note that such representation has been made by EPCES. However, action by concerned authority is awaited.
4	CA. Prasanna Kumar .T .S Dcx Cable Assemblies Pvt.Lt	SEZ	We have received foreign inward remittance from a customer for export of service. However, remitter confirm the purpose code as advance against the export of goods in his swift. Now we are requesting them to send a separate swift message for the change of purpose code as per the advice of the AD bank but they have used some intermediary payment gate way like Amex, who used some intermediary bank to convert the forex to India. The sequence of the transaction flow is as below Step 3 Bank of America uses Amex as intermediary bank Step 4 Amex has tie up with Say ABC bank in India Step 5 ABC bank convert the USD to INR and send the same to our citi bank	Based on perusal of the information provided, we are of the view that any correction with regard to purpose code can be done through respective Bank only i.e. CITI bank in the instant case. However, please note that based on our experience, it may be challenging to change the purpose code once the BRC has been generated against such remittance and the same is utilised/in process of utilisation in DGFT portal.Therefore, we recommend that the unit must coordinate with their bankers and apply for change of purpose code as per such Bankers' internal procedures and forms at the earliest.

S. No.	Details of EPCES Member	Category	Query from Member	Response by Grant Thornton
			Step 6 Citi bank account shown credit in our account When we ask for FIRC later, then citi bank refer the case to intermediary of India i.e Abc bank and as per the swift from Amex they issued FIRC and citi bank taken the purpose code as mentioned in the swift by intermediary bank. Unfortunately, Foreign customer has given a wrong purpose code. Now we are trying hard to change the purpose code but not able to do that from last 2 years and AD bank has issued a notice with respect to non - submission of shipping bill. Could you please advise about any possible solution.	
5	CA. Prasanna Kumar .T .S Dcx Cable Assemblies Pvt.Lt	SEZ	Request you to advise on the below mentioned issue. We are in SEZ unit and we got an order from our US customer Say "A" company Customer will send us the raw materials at free of cost and we need to manufacture the goods Upon manufacture we need to bill to US and ship to his customer at Hyderabad say "B "company. Since it is bill to ship to transaction kindly advise on the below issues Dose SEZ Authorize to take Job work from foreign customer A and ship to his customer in India B. Since goods will not go out of India, what documents we need to provide to bank for taking inward remittance from my US customer. Since it is Bill to Ship to Transaction, do we need to take annexure on the goods supplied to Hyderabad Company "B" if that company is in EOU or SEZ If The company B is in DTA do we need to charges customs duty and GST on sales.	1) Does SEZ Authorize to take Job work from foreign customer A and ship to his customer in India B. As per Rule 43 of SEZ Rules, SEZ unit may, on basis of annual permission from the Specified Officer, undertake sub-contracting for export on behalf of a DTA exporter, subject to condition that finished goods shall be exported directly by the Unit on behalf of such DTA exporter. However, in the given case, we understand that the company is having a contract with a foreign buyer and there is no direct export taking place; instead, goods are shipped to a DTA unit. Hence, we are of the view that such transaction should be taken up only if LOP provides job work as authorized operations of SEZ unit and there is a specific approval from Development Commissioner of SEZ before initiation of such activity. 2) Since goods will not go out of India, what documents we need to provide to the bank for taking inward remittance from my US customer. In case of supply from SEZ unit to a DTA unit, DTA buyer shall file a Bill of Entry for home consumption giving complete description of goods and/or services, such as make, model number, etc along with invoice and packing list. In order to get inward remittance from foreign buyer, the invoice with "bill to" party as foreign customer and contract copy with all the relevant details should be submitted.

S. No.	Details of EPCES Member	Category	Query from Member	Response by Grant Thornton
				3) Since it is Bill to Ship to Transaction, do we need to take annexure on the goods supplied to Hyderabad Company "B" if that company is in EOU or SEZ EOU units are exempted to pay custom duty and IGST on import of specified goods for specified purposes vide notification no. 52/03-Cus. dated. 31 March 2003. However, EOU unit should execute a bond in this regard. Hence, in case of a bill to/ship to transaction, where "ship to" party is an EOU unit, the company should take relevant documents from EOU unit in support of exemption for custom duty and GST. 4) If Company B is in DTA do we need to charge customs duty and GST on sales. Please note that SEZ unit can supply goods to a DTA unit. However, such supply will be considered as import of goods and applicable custom duties shall be payable as per section 30 of SEZ Act along with IGST which is required to be remitted by the importing DTA unit.
6	Sashi Varma B.Sc: FCMA, Finance Manager, XO Pack Private Limited	SEZ	We, XO pack Pvt Ltd is a company operating from Cochin Special Economic Zone. We are planning to provide accommodation to our workers who are presently residing in houses for which rent is paid by the company We have finalised on the location, (outside SEZ). The Directors/ Shareholders will purchase the land in their name and they in turn will lease it to the company. XO pack will construct the building out of funds financed by the Directors/ Shareholders The directors/ Shareholders will enter into a lease agreement with XO pack for a period of 5 years after which XO pack will purchase the land together with building for a mutually agreed sum. The query is Will the lease rental as above attract GST. The Unit is in SEZ although the land is outside SEZ. Can directors execute LUT and avail exemption. Please note that only workers of XO pack will be staying in the proposed building.	Based on our understanding, the unit wishes to understand whether the lease rental charged by the owners (Directors/ shareholders) of property to XO Pack, towards accommodation services provided to workers of XO Pack will attract GST or not. This query is considering the fact that the Unit is in SEZ although the land is situated outside SEZ and that only workers of XO pack will be staying in the proposed building. Further to the above query, the unit also would like to check whether Directors of the Unit can execute LUT and avail exemption from levy of GST. Please note that as per Notification No. 12/2017-Central Tax (Rate) dated the 28th June, 2017 as amended from time to time, services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having value of supply of a unit of accommodation below or equal to one thousand rupees per day or equivalent is exempted from the levy of GST. Therefore, providing any hostel or accommodation services to individuals having value of supply of a unit of accommodation below or equal to INR 1000/- per day stands exempted from the levy of GST. In such a scenario, where a person is exclusively involved in providing exempted supplies, then such person is not mandated to obtain a Registration under the CGST Act, 2017. However, this aspect has to be analysed

S. No.	Details of EPCES Member	Category	Query from Member	Response by Grant Thornton
				in depth after perusing the rent/ lease agreements and after understanding the factual matrix in depth. Furthermore, please note that as per the default list of services approved by the Ministry, Accommodation services and Renting of immovable property services (S.No 66 and 41 respectively) are eligible as default authorized services for SEZ units. Please note that if a service qualifies/ enjoys zero rating, then any supplier of such service (Directors) will have to mandatorily obtain GST Registration under Section 24 of the CGST Act, 2017 as they are involved in providing inter-state taxable supplies (supply of service from DTA to SEZ). The Directors, after obtaining GST Registration in such a case, can also export under LuT.
7	Chandrasekhar For Indian Products Private Limited – 100% EOU	EOU	We draw your kind attention to Para 6.06 (c)(ii)(iii), wherein an Export Obligation Period has been specified for Tea and Spices. These EOPs are in line with Appendix 4J which are applicable for Advance Authorisation. The Export Obligation Period under Advance Authorisations, covered under Appendix 4J can be extended by RA on payment of certain composition fee in terms of Para 4.42 (d) of the HBP. Such a power to extend the EOP for EOU Schemes is whether vested with the Development Commissioner concerned. Incidentally Development Commissioners are also designated as RAs as per Appendix 1 A to the HBP. Strictly speaking, in our humble view, Appendix 4J should only apply to Advance Authorisation Holders and not for EOU. Further there is no reference of Appendix 4J in Chapter 6 at all, although the Export Obligation Period has been specified. In view of the above, we humbly request your good self to kindly clarify that the Development Commissioner concerned can extend the Export Obligation Period for EOUs stipulated under Para 6.06 of the HBP just as an RA could extend the EO Period in terms of Para 4.42 (e) and (f) of HBP for items other than 4J. Further we humbly request	Thank you for your time on the call today. As discussed, please note that as per Para 6.32 (b) (iv) of the Handbook of Procedures, UAC is empowered to supervise and monitor permission/ clearances/licences granted to units and take appropriate action in accordance with law. Therefore, the unit may approach UAC with a representation for any such approvals as per your mail. Trust the above clarifies. Please let us know in case you require further clarifications.

S. No.	Details of EPCES Member	Category	Query from Member	Response by Grant Thornton
			that the composition fee stipulated for under the Advance Authorisation Scheme may not be made applicable for EOUs. This will mitigate to a large extent the difficulties of EOUs for seeking extension through the Policy Relaxation Committee. We solicit your kind and urgent direction in this matter. To summarize, our humble prayer is : Empower the Development Commissioner to extend the Export Obligation Period as stipulated in Para 6.06 (c)(ii)(iii). The composition fee stipulated for Advance Authorisation Scheme may not be made applicable in the case of EOUs.	
8	Srinivasa Rao Korada +91 9849608609	EOU	Whether supply of goods by EOU to SEZ unit in INR currency is counted for NFE purposes for EOU ? Whether supply of services by EOU to SEZ unit in INR currency is counted for NFE purposes for EOU ? Whether SEZ unit is allowed to undertake job-work services from EOU or DTA (meaning, raw materials are supplied by EOU or DTA for conversion into finished goods, for which SEZ unit is paid job work charges) ? If so, is it mandatory to receive convertible foreign currency by SEZ unit towards job-work service charges ?	Whether supply of goods by EOU to SEZ unit in INR currency is counted for NFE purposes for EOU ? - As per Chapter 6 – para 6.08(a)(iii) of the Foreign Trade Policy, sales made to a unit in SEZ by an EOU shall be taken into account for purpose of arriving at FOB value of export by such EOU provided payment for such sales are made from Foreign Currency Account of SEZ unit. Further, as per Para 6.15 of the Handbook of procedures, supplies to SEZ units shall be counted towards NFE provided that such goods are permissible for procurement by these units. Therefore, we are of the view that supply of goods by EOU to SEZ unit in INR currency may not be counted for NFE purpose for EOU. Whether supply of services by EOU to SEZ unit in INR currency is counted for NFE purposes for EOU ? - In case where the LOP issued to such EOU unit specifically authorises the unit to supply services, in these circumstances, under similar lines of discussion above, supply of services by EOU to SEZ unit in INR currency is not counted for NFE purpose for EOU and should mandatorily to in freely convertible foreign currency. Whether SEZ unit is allowed to undertake job-work services from EOU or DTA (meaning, raw materials are supplied by EOU or DTA for conversion into finished goods, for which SEZ unit is paid job work charges) ? If so, is it mandatory to receive convertible foreign currency by SEZ unit towards job-work service charges ? - As per Rule 43 of the SEZ Rules, 2006, an SEZ unit is permissible to undertake job work from a DTA unit

S. No.	Details of EPCES Member	Category	Query from Member	Response by Grant Thornton
				for export on the basis of annual permission. Such sub-contracting is permissible for SEZ unit subject to the condition that DTA exporter should supply all raw material including semi-finished goods and consumables including fuel etc and finished goods are exported directly by SEZ unit on behalf of DTA exporter from SEZ. However, in case where DTA unit is EOU/ EHTP/STP/BTP unit then the export can take place from SEZ or such DTA unit. Export documents in these cases are required to be filed jointly in the name of DTA exporter and SEZ unit in the SEZ. However, such exports are not counted for the discharge of export obligation including NFE of SEZ unit and hence it is not mandatory to receive convertible foreign currency by SEZ unit towards job-work service charges.
9	S. KALYANI RD, MEPZ SEZ	SEZ	As we need clarification of DTA sale clearance if we pay the applicable duty to need inspection of SeZ cargo PI confirm and what option of taken from other SEZ units PI clarify.	As per Section 30 of the SEZ Act, 2005, when the goods are removed from the SEZ to DTA for sale, it is chargeable to duties in terms of the Customs Tariff Act, 1975. There is no specific requirement for inspection of such goods removed to the DTA.
10	CA. Prasanna Kumar .T .S Dcx Cable Assemblies Pvt.Ltd.	SEZ	We an SEZ unit has procured the goods from DTA for our authorized operations. Since we are in SEZ supplier did not charge us any duty. But after examination of the goods from the quality department, we found that the goods are defective. Now we want to reject the goods and send back the goods by raising debit note. Kindly advise us that do we need to charge any custom duty on this? Shall I take the shelter under Rule 25 of the SEZ act. Rule 25. Where an entrepreneur or Developer does not utilize the goods or services on which exemptions, drawbacks, cess and concessions have been availed for the authorized operations or unable to duly account for the same, the entrepreneur or the Developer, as the case may be, shall refund an amount equal to the benefits of exemptions, drawback, cess and	As per Rule 48 (3) of SEZ Rules, 2006, in case where goods procured from DTA by an SEZ Unit are supplied back to DTA, as it is or without substantial processing, such goods shall be treated as re-imported goods and all procedures and conditions as applicable in case of normal re-import of goods from outside India shall apply in this case. Further, as per Rule 48 (1) of such rules, in case of sale in DTA by SEZ unit, DTA buyer shall file Bill of Entry for home consumption with relevant particulars along with invoice and packing list with the Authorised Officer. Further, such Bill of Entry for home consumption can also be filed by a Unit on basis of authorization from DTA buyer. Accordingly, we are of the view that Bill of Entry is required to be filed and applicable custom duties along with IGST should be payable by DTA unit provided there is no specific exemption available in respect of goods which are being sent back in the said scenario. Please note that Rule 25 discusses about non-utilisation of goods/services by SEZ unit and hence shall not be applicable for discussion in the given case.

S. No.	Details of EPCES Member	Category	Query from Member	Response by Grant Thornton
			concessions availed without prejudice to any other action under the relevant provisions of the Customs Act, 1962, the Customs Tariff Act, 1975, the Central Excise Act, 1944, the Central Excise Tariff Act, 1985, the Central Sales Tax Act, 1956, the Foreign Trade (Development and Regulation) Act, 1992 and the Finance Act, 1994 (in respect of service tax) and the enactments specified in the First Schedule to the Act, as the case may be: Provided that if there is a failure to achieve positive net foreign exchange earning, by a Unit, such entrepreneur shall be liable for penal action under the provisions of Foreign Trade (Development and Regulation) Act, 1992 and the rules made there under.	
11	CA. Prasanna Kumar .T .S Dcx Cable Assemblies Pvt.Lt	SEZ	We got an export order from Foreign country for manufacture of the goods. For that we need few raw materials which will be supplied by one of the EOU unit in Hyderabad for Free of cost. Because my foreign customer will pay for the goods supplied by EOU unit in Hyderabad directly for the supplies. Hyderabad unit is invoice as bill to foreign party and ship to SEZ Bangalore. As this is free of cost purchase for us we are not going to mention our AD code in SEZ BOE. Since it is a free of cost to us our supplier (Hyderbad unit) will not get any BOE which reflecting EDPMS or BOE will not appear in his EDPMS, so it is not possible for him to get the payment from Foreign party. So Hyderabad unit is insisting us to get Bill of export after mentioning the details of bill to and ship to, value GST no etc.	Duty drawback against supply of goods by DTA unit to SEZ unit shall be admissible only when payment for such supply is received in freely convertible foreign currency as per Regulation 10(1)(IX) of Special Economic Zones (Customs Procedures) Regulations, 2003. Procedure to claim duty drawback is defined in Rule 14 of Customs and Central Excise Duties Drawback Rules, 2017 and regulation 10 (1) of Special Economic Zones (Customs Procedures) Regulations, 2003, which is as follows: DTA unit supplying goods to SEZ unit shall file bill of export giving therein complete description, model, make, specifications, nature of goods such as capital goods, raw materials, spares, consumables, with specially stamped endorsement as "special economic zone cargo" along with invoice, packing list and purchase order for noting and assessment of the bill of export in the zone. DTA unit supplying goods to SEZ unit/ developer, as the case may be, shall be allowed to remove goods on the cover of ARE-I and assessed bill of export, giving therein complete description, model, make, serial number, specifications and other relevant particulars. Therefore, drawback should be accompanied by the following documents, namely:-H5 (i) copy of export contract or letter of credit, as the case may be; (ii) copy of ARE-1, wherever applicable; (iii) insurance certificate, wherever necessary; and iv) copy of communication regarding rate of drawback (where

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				the drawback claim is for a rate determined by the Principal Commissioner of Customs or Commissioner of Customs, as the case may be, under rule 6 or rule 7 of Customs and Central Excise Duties Drawback Rules, 2017. Apart from the above requirements, there is no documentary requirement specified for SEZ unit in this scenario.
12	Rajesh Sankaran DGM – Exports	SEZ	While filing the s/bill at SEZ online system, the system is not allowing us to mentioned the RoDTEP declaration from today onwards. Till yesterday the provision was available in the system. In future, the exports from SEZ will become eligible for this scheme, how can we claim the benefit without this declaration. DGFT notification is very clear that to claim the RoDTEP benefit s/bill should have the said declaration.	In this regard, please note that the RoDTEP committee is considering extending the benefit of said scheme to SEZ units as well through setting up a separate committee. We understand that once SEZ units are covered under said scheme, necessary functionalities would be made re-operational.
13	Ajay Kumar Maggidi Vistra	SEZ	At the outset, we would like to thank the Ministry of Commerce & Industry for providing interim relief on lease rentals to SEZ units. We are SEZ unit in CSEZ zone and we have approached our co-developer seeking relaxation on lease rentals with respect to this notification. We have quoted response from our co-developer below- "The document shared is an internal document issued by Ministry to Development Commissioners and further this has to be notified by respective DCs to the developers when it will be clear on the next steps. This has not be notified by CSEZ (Cochin SEZ) and VSEZ (Vishakhapatnam SEZ) and hence this is not binding on us."	Communications issued by the Ministry of Commerce & Industry, Department of Commerce, SEZ Division are addressed to All Development Commissioners of SEZs, which intend to cover all SEZ units. However, in-addition to said blanket relief issued by the Department of Commerce, certain SEZs may issue zone wise circulars/ instructions for the purpose of additional awareness among all the units operating under jurisdiction of said SEZ.

S. No.	Details of EPCES Member	Category	Query from Member	Response by Grant Thornton
			We request your guidance on below- Does instructions/notifications from Ministry of Commerce & Industry OR SEZ division is not binding on notified SEZ zones? Does further (In addition to central SEZ division) separate notification is required from zone specific? If Answer to Question No. 1 & 2 is Yes, what course of we need to take from our end to take the govt intended benefits to SEZ units?	
14	Murugan Reddy Larsen & Toubro Limited	SEZ	We have made Export sales for the year 2017 & 2018 & 2019 without execution of LUT at GST portal, Since we are an SEZ unit and executed BLUT at SEZ customs Referring to the section 45 & 46 of SEZ Rules, the condition in export of goods from SEZ as per the terms of LOA, and the LOA demanded to execute the Bond Cum Letter of Undertaking(B-LUT) to the Development Commissioner 45. Exports — (1) A Unit may export goods or services as per the terms and conditions of Letter of Approval including agro-products, partly processed goods, sub-assemblies and components except prohibited items under the Import Trade Control (Harmonized System) Classification of Export and Import Items and the Unit may also export by-products, rejects, waste scrap arising out of the manufacturing process. Now the GST authorities demanding the LUT for the year 2017 & 2018 in relation to our export shipping Bills, Kindly suggest on the below Whether SEZ units are Mandatory to execute the LUT in GST In absence of LUT how to address the issue with GST authorities.	This is in reference to the query raised with respect to applicability of letter of undertaking (LUT) for SEZ. Rule 45 of the SEZ Rules, 2006 prescribes that an export has to be carried on as per the terms and conditions prescribed in the letter of approval and Rule 46 of the said rules prescribe the procedure of export. Further, Section 16(3) of IGST Act, 2017 provides an option to a tax payer to claim refund of tax on account of zero-rated (export) supplies under 2 scenarios. "A registered person making zero rated supply shall be eligible to claim refund under either of the following options, namely:- (a) he may supply goods or services or both under bond or Letter of Undertaking, subject to such conditions, safeguards and procedure as may be prescribed, without payment of integrated tax and claim refund of unutilised input tax credit; or (b) he may supply goods or services or both, subject to such conditions, safeguards and procedure as may be prescribed, on payment of integrated tax and claim refund of such tax paid on goods or services or both supplied, in accordance with the provisions of section 54 of the Central Goods and Services Tax Act or the rules made thereunder". Therefore, in order to claim refund under GST provisions, the company will have to either export with payment of tax or execute a bond/ LUT and export without payment of tax. These provisions as applicable to a normal tax payer will also be applicable to an SEZ unit/ developer. It is pertinent to note that Circular No. 37/11/2018-GST dated 15 March 2018 emphasized that substantive benefits of zero rating may not be denied where it has been established that exports in terms of relevant provisions have been made. Delay in furnishing of LUT

S. No.	Details of EPCES Member	Category	Query from Member	Response by Grant Thornton
				in such cases may be condoned and facility for export under LUT may be allowed on ex-post facto basis taking into account the facts and circumstances of each case. Based on the above discussion, we have arrived at the following recommendations: Whether SEZ units are Mandatory to execute the LUT in GST- LUT is mandatory for all tax payers claiming refund of unutilized input tax credit. As per Section 16(3) of the IGST Act, 2017, SEZ unit will be required to execute an LUT. In absence of LUT how to address the issue with GST authorities- As per Circular No. 37/11/2018-GST dated 15 March 2018, delay in furnishing of LUT may be condoned and facility for export under LUT may be allowed on ex-post facto basis by the jurisdictional GST authority taking into account the facts and circumstances of this case. Therefore, the company should execute LUT now and request for condoning the delay in such submission.
15	Ajay Vistra	SEZ	Whether GST paid by SEZ units on cafeterias/break out areas can be claimed as GST refund?	For claiming refund of GST paid on inputs/ input services we need to test the eligibility as per section 17(5) of CGST Act. ITC is available for cafeteria/ canteen only when it is obligatory and enforced on the tax payer under any other law in India. If ITC pass this test, yes refund should be allowed by GST authorities.

EXPORT PROMOTION COUNCIL FOR EOUs & SEZs

Membership Statement as on 13th January-2022 (2021-22)

S.N.	ZONE	Operational Units & SEZ Devlopers						Membership Position 2020-21				Membership renewed till 13th Jan-2021 (2021-22)				New Members till 13th Jan-2021 (2021-22)				Total Membership Receipts	Debonded/ merged	Outstanding members
		EOU	SEZ			Dev	Total	EOU	SEZ	Dev	Total	EOU	SEZ	Dev/ Co-Dev	Total	EOU	SEZ	Dev/ Co-Dev	Total			
		A	Govt.	Pvt.	B	C	D (A+B+C)	E	F	G	H (E+F+G)	I	J	K	L (I+J+K)	M	N	O	P (M+N+O)	Q L+P	R	S
1	CSEZ	226	115	1019	1134	86	1446	113	790	64	967	106	695	55	856	7	68	4	79	935	21	96
2	Falta SEZ	59	62	64	126	12	197	15	93	10	118	13	88	10	111		7		7	118	7	1
3	Kandla SEZ	180	291	497	788	17	985	40	468	20	528	38	417	19	474	5	72		77	551	6	53
4	MEPZ-SEZ	406	116	582	698	40	1144	150	512	55	717	140	468	52	660	6	43	1	50	710	13	50
5	Noida SEZ	177	356	572	928	34	1139	76	687	45	808	66	611	45	722	10	44	2	56	778	6	84
6	SEEPZ-SEZ	277	245	576	821	39	1137	58	579	46	683	52	537	44	633	4	43	4	51	684	20	38
7	VSEZ	193	67	561	628	59	880	57	497	69	623	54	468	63	585	8	20	9	37	622	7	36
TOTAL		1518	1252	3871	5123	287	6928	509	3626	309	4444	469	3284	288	4041	40	297	20	357	4398	80	358

PRITECH PART (SEZ)

Location - Marathalli, Outer Ring Road, Bangalore

Total Built-Up Area - 5.2 Million SQFT

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

Contact Info -

Website - https://rgafacilities.com/

Contact No. - 080-40104010

Address - 1st Cross Rd. Santhosapuram, 3rd Block, Koramangala, Bengaluru, Karnataka - 560034

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.
- Saving 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 DATA/Export market.
- Time to build brand image.
- Inter-SEZ and Intra SEZ Linkages available.
- Minimal outside regulatory interference.

ACHIEVEMENTS

- Outstanding exports to the tune of Rs.74747 Cr. during 2018-19.
- Higest 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 benefits.
- 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 milti mode connectivity.
Availablity of Talent Pool and workforce.
Round the clock Security.

For futher details contact:

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