EPCES NEWS

Volume : 24 Issue : 12

January-March 2023

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भारत 2023 INDIA

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ONE EARTH • ONE FAMILY • ONE FUTURE

Release of
Foreign Trade Policy 2023

ZONE WISE EXPORTS

FINANCIAL YEAR (F.Y.-2022-23 Vs F.Y.-2021-22)

SEZs wise Marchandise Exports (F.Y.-2022-23 Vs F.Y. 2021-22)

ZONE NAME	F.Y.-2021-22		F.Y.- 2022-23		Actual Change		Percentage Change	
	USD Millions	INR Cr.	USD Millions	INR Cr.	INR Terms	USD Terms	INR Terms	USD Terms
Cochin Special Economic Zone	1,738.69	12,817.88	1,852.24	14,688.73	1,870.85	113.56	15	7
SEEPZ Mumbai	5,475.43	40,342.09	5,252.80	41,593.50	1,251.42	-222.64	3	-4
Falta Special Economic Zone	3,715.22	27,412.25	3,413.45	27,034.15	-378.10	-301.77	-1	-8
Kandla Special Economic Zone	31,601.17	2,33,135.61	38,860.19	3,07,299.28	74,163.67	7,259.02	32	23
MEPZ Chennai	2,763.96	20,371.57	3,236.63	25,704.27	5,332.71	472.68	26	17
Noida Special Economic Zone	2,848.74	20,932.60	2,807.61	22,254.42	1,321.81	-41.13	6	-1
Vishakhapatnam Special Economic Zone	5,288.02	38,985.70	6,193.72	49,171.73	10,186.03	905.70	26	17
Grand Total	**53,431.22**	**3,93,997.69**	**61,616.64**	**4,87,746.09**	**93,748.40**	**8,185.42**	**24**	**15**

Software and Service Exports for F.Y.-2021-22 Vs 2022-23

ZONE NAME	F.Y.-2021-22		F.Y.-2022-23		Actual Change		Percentage Change	
	INR (Rs. In Cr.)	USD (In Million)	INR (Rs. In Cr.)	USD (In Million)	INR (Rs. In Cr.)	USD (In Million)	INR Terms	USD Terms
Cochin Special Economic Zone	1,73,775.38	23,552.69	222524.2822	27932.6575	48,748.90	4,379.96	28	19
SEEPZ Mumbai	1,17,121.62	15,879.42	143190.2702	24873.8023	26,068.65	8,994.39	22	57
MEPZ Chennai	1,14,205.30	15,479.88	145397.5791	18265.0096	31,192.28	2,785.13	27	18
Vishakhapatnam Special Economic Zone	95,104.18	12,889.36	128477.475	16110.8158	33,373.29	3,221.46	35	25
Noida Special Economic Zone	59,623.59	8,080.51	73,786.50	9281.7756	14,162.92	1,201.27	24	15
Falta Special Economic Zone	20,950.04	2,839.04	23489.6247	2952.1693	2,539.58	113.13	12	4
Kandla Special Economic Zone	5,995.31	812.58	13689.91005	1701.4918	7,694.60	888.91	128	109
Grand Total	**5,86,775.42**	**79,533.47**	**7,50,555.64**	**1,01,117.72**	**1,63,780.22**	**21,584.26**	**28**	**27**

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EPCES NEWS

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

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Chairman, EPCES

Alok Vardhan Chaturvedi
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Chairman, EPCES

"Growth in India's merchandise export during entire FY 2022-23 finally moderated to 6% as compared to 9% till Q3, 16.96% till Q2 and 24.5% till Q1, after an unprecedented growth of 43% in FY 22. In fact, merchandise exports in March 2023 declined by 13.9%. On the other hand, merchandise imports during FY 2022-23 increased by 16.5% resulting in a trade deficit of USD 266.78 billion as compared to USD 191.05 billion in FY 2021-22. Services exports, however, increased steadily by 26.8% to USD 322.72 billion. Overall, exports of goods and services grew by 13.84% to USD 770.18 billion"

Dear Friends

International Trade continues to face headwinds due to high inflation, rising interest rates, continued disruptions due to Russia-Ukraine war and adverse US-China relations.

Growth in India's merchandise export during entire FY 2022-23 finally moderated to 6% as compared to 9% till Q3, 16.96% till Q2 and 24.5% till Q1, after an unprecedented growth of 43% in FY 22. In fact, merchandise exports in March 2023 declined by 13.9%. On the other hand, merchandise imports during FY 2022-23 increased by 16.5% resulting in a trade deficit of USD 266.78 billion as compared to USD 191.05 billion in FY 2021-22. Services exports, however, increased steadily by 26.8% to USD 322.72 billion. Overall, exports of goods and services grew by 13.84% to USD 770.18 billion.

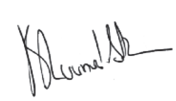
As regards SEZs, merchandise exports increased by 23.79% (15.32% in USD terms) to Rs 4.88 lakh cr (USD 61.6 billion) during FY 2022-23. Besides, there was DTA sales of Rs 2.49 lakh cr (about USD 31 billion). DTA procurement was Rs 0.99 lakh cr (about USD 12.4 billion) and imports Rs 5.06 lakh cr (USD 63.3 billion). Thus, there was 16.38% domestic procurement and 66.5% exports.

Hon'ble Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal released the long awaited Foreign Trade Policy 2023 putting an end to uncertainty. There haven't been many new changes. Most of the schemes, including the EOU scheme have been continued which is good. Other welcome features of the policy are its emphasis on facilitating e-Commerce and Ease of Doing Business. We expected some announcement on DESH Bill as well as on covering SEZs and EOUs under the RoDTEP scheme. Continued uncertainty about the DESH Bill is creating problem for the existing and potential investors in SEZs. It is still under inter-ministerial consultations including with D/o Revenue. Government decision on RoDTEP for SEZs and EOUs is still awaited. We hope that the Government will quickly end these uncertainties too.

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.

Happy New Financial Year!

With best wishes,



Bhuvnesh Seth

Alok Vardhan Chaturvedi
Director General, EPCES

"During FY 2022-23, India's merchandise exports grew by 6% only to USD 447.46 billion as compared to 43% last year. Imports have grown by 16.5% to USD 714.24 billion during the same period. Merchandise trade deficit has widened to USD 266.78 billion. Services exports, however, increased steadily by 26.8% to USD 322.72 billion. As regards SEZs, growth in merchandise exports moderated to 15.32% during FY 2022-23 with Kandla SEZ zone leading by a growth of 23% with decline in case of SEEPZ, NSEZ and Falta SEZ zones"

Dear Members

As you all are aware, challenges to international trade are increasing. Recent banking sector stress has added to the already long list of difficulties in terms of tighter financial conditions, high inflation, and the lingering conflict in Ukraine. As per IMF, the baseline forecast for world growth is to fall from 3.4 percent in 2022 to 2.8 percent in 2023, before settling at 3.0 percent in 2024. Advanced economies are expected to see an especially pronounced growth slowdown, from 2.7 percent in 2022 to 1.3 percent in 2023 reflecting poor demand and as a result poor export outlook for India. As for India, as per RBI, real GDP growth is expected at 6.5 per cent in 2023-24.

During FY 2022-23, India's merchandise exports grew by 6% only to USD 447.46 billion as compared to 43% last year. Imports have grown by 16.5% to USD 714.24 billion during the same period. Merchandise trade deficit has widened to USD 266.78 billion. Services exports, however, increased steadily by 26.8% to USD 322.72 billion. As regards SEZs, growth in merchandise exports moderated to 15.32% during FY 2022-23 with Kandla SEZ zone leading by a growth of 23% with decline in case of SEEPZ, NSEZ and Falta SEZ zones.

During the quarter, Hon'ble Commerce and Industry Minister released the new FTP 2023 on 31.3.2023, held consultation with IT/ITES sector on DESH Bill on 13.1.2023 and had meeting with EPCs to boost exports. There are not many changes in the FTP and the EOU scheme has been continued. Emphasis has been given on EODB and e-Commerce.

EPCES has been requesting the D/o Commerce to bring reforms through minor amendments in the existing SEZ Act and Rules rather than enacting a new DESH Act. Government decision on including SEZs and EOUs under the RoDTEP scheme is also still awaited.

In January, 2023, EPCES has sought feedback from members on the working of EOU scheme and has taken up with the Commerce Ministry for resolving the concerns raised. EPCES has also engaged PwC as consultant to prepare a "To-Do List" of regulatory and infrastructure gaps for NSEZ, SEEPZ and MEPZ based on interactions with the units there.

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. We will be happy to hear from you for suggestions for improving the news magazine.

With Best wishes

(Alok V Chaturvedi)

Release of Foreign Trade Policy 2023

The long awaited Foreign Trade Policy 2023 was released on 31 March 2023 by Shri Piyush Goyal, Hon'ble Minister of Commerce & Industry, Consumer Affairs, Food and Public Distribution and Textiles. The event was attended by Hon'ble Minister of State Smt Anupriya Patel, Commerce Secretary, Shri Sunil Barthwal, Member, Customs, CBIC, Shri Rajiv Talwar, DGFT Shri Santosh Sarangi, along with officials from various ministries, and Export Promotion Councils.

Hon'ble Minister stated that new FTP 2023 is dynamic and has been kept open ended to accommodate the emerging needs of the time. He stated that the policy had been under discussion for a long time and has been formulated after multiple stakeholder consultations. India's overall exports, including services and merchandise exports, has already crossed US$ 750 Billion and is expected to cross US$ 760 Billion this year, he said.

The Key Approach to the policy is based on these 4 pillars: (i) Incentive to Remission, (ii) Export promotion through collaboration - Exporters, States, Districts, Indian Missions, (iii) Ease of doing business, reduction in transaction cost and e-initiatives and (iv) Emerging Areas – E-Commerce Developing Districts as Export Hubs and streamlining SCOMET policy.

Foreign Trade Policy (2023) is a policy document which is based on continuity of time-tested schemes facilitating exports as well as a document which is nimble and responsive to the requirements of trade. It is based on principles of 'trust' and 'partnership' with exporters. In the FTP 2015-20, changes were done subsequent to the initial release even without announcement of a new FTP responding dynamically to the emerging situations. Hereafter, the revisions of the FTP shall be done as and when required. Incorporating feedback from Trade and Industry would also be continuous to streamline processes and update FTP, from time to time.

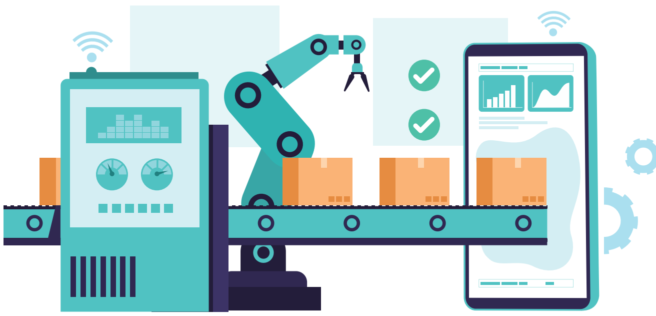
The FTP 2023 aims at process re-engineering and automation to facilitate ease of doing business for exporters. It also focuses on emerging areas like dual use high end technology items under SCOMET, facilitating e-commerce export, collaborating with States and Districts for export promotion.

The new FTP is introducing a one-time Amnesty Scheme for exporters to close the old pending authorizations and start afresh.

The FTP 2023 encourages recognition of new towns through "Towns of Export Excellence Scheme" and exporters through "Status Holder Scheme". The FTP 2023 is facilitating exports by streamlining the popular Advance Authorization and EPCG schemes, and enabling merchanting trade from India.

Process Re-Engineering and Automation

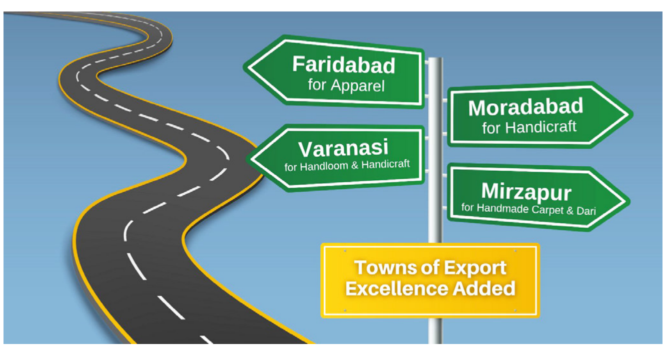
Greater faith has been reposed on exporters through automated IT systems with risk management system for various approvals in the new FTP. The policy emphasizes export promotion and development, moving away from an incentive regime to a regime which is facilitating, based on technology interface and principles of collaboration. Considering the effectiveness of some of the ongoing schemes like Advance Authorisation, EPCG etc. under FTP 2015-20, they have been continued along with substantial process re-engineering and technology



enablement for facilitating the exporters. FTP 2023 codifies implementation mechanisms in a paperless, online environment, building on earlier 'ease of doing business' initiatives. Reduction in fee structures and IT-based schemes will make it easier for MSMEs and others to access export benefits.

Duty exemption schemes for export production will now be implemented through Regional Offices in a rule-based IT system environment, eliminating the need for manual interface. During the FY23-24, all processes under the Advance and EPCG Schemes, including issue, re-validation, and EO extension, will be covered in a phased manner. Cases identified under risk management framework will be scrutinized manually, while majority of the applicants are expected to be covered under the 'automatic' route initially.

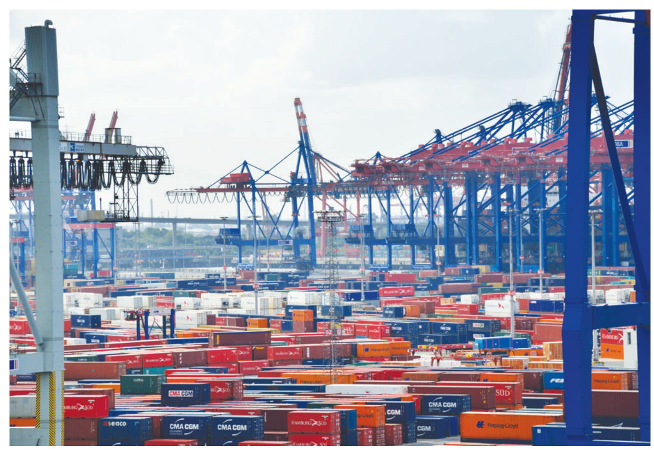
Towns of Export Excellence



Four new towns, namely Faridabad, Mirzapur, Moradabad, and Varanasi, have been designated as Towns of Export Excellence (TEE) in addition to the existing 39 towns. The TEEs will have priority access to export promotion funds under the MAI scheme and will be able to avail Common Service Provider (CSP) benefits for export fulfillment under the EPCG Scheme. This addition is expected to boost the exports of handlooms, handicrafts, and carpets.

Recognition of Exporters

Exporter firms recognized with 'status' based on export performance will now be partners in capacity-building initiatives on a best-endeavour basis. Similar to the 'each one teach one' initiative, 2-star and above status holders would be encouraged to provide trade-related training based on a model curriculum to interested individuals. This will help India build a skilled manpower pool capable of servicing a $5 Trillion economy before 2030. Status recognition norms have been re-calibrated to enable more exporting firms to achieve 4 and 5-star ratings, leading to better branding opportunities in export markets.



Promoting Export from the Districts

The FTP aims at building partnerships with State governments and taking forward the Districts as Export Hubs (DEH) initiative to promote exports at the district level and accelerate the development of grassroots trade ecosystem. Efforts to identify export worthy products & services and resolve concerns at the district level will be made through an institutional mechanism – State Export Promotion Committee and District Export Promotion Committee at the State and District level, respectively. District specific export action plans to be prepared for each district outlining the district specific strategy to promote export of identified products and services.

Streamlining SCOMET Policy

India is placing more emphasis on the "export control" regime as its integration with export control regime countries strengthens. There is a wider outreach and understanding of SCOMET (Special Chemicals, Organisms, Materials, Equipment and Technologies) among stakeholders, and the policy regime is being made more robust to implement international treaties and agreements entered into by India. A robust export control system in India would provide access of dual-use High end goods and technologies to Indian exporters while facilitating exports of controlled items/ technologies under SCOMET from India.

Facilitating E-Commerce Exports

E-commerce exports are a promising category that requires distinct policy interventions from traditional offline trade. Various estimates suggest e-commerce export potential in the range of $200 to

$300 billion by 2030. FTP 2023 outlines the intent and roadmap for establishing e-commerce hubs and related elements such as payment reconciliation, book-keeping, returns policy, and export entitlements. As a starting point, the consignment wise cap on E-Commerce exports through courier has been raised from ₹5Lakh to ₹10 Lakh in the FTP 2023. Depending on the feedback of exporters, this cap will be further revised or eventually removed. Integration of Courier and Postal exports with ICEGATE will enable exporters to claim benefits under FTP. The comprehensive e-commerce policy addressing the export/import ecosystem would be elaborated soon, based on the recommendations of the working committee on e-commerce exports and inter-ministerial deliberations. Extensive outreach and training activities will be taken up to build capacity of artisans, weavers, garment manufacturers, gems and jewellery designers to on-board them on E-Commerce platforms and facilitate higher exports.

Facilitation under Export Promotion of Capital Goods (EPCG) Scheme

The EPCG Scheme, which allows import of capital goods at zero Customs duty for export production, is being further rationalized. Some key changes being added are:

- Prime Minister Mega Integrated Textile Region and Apparel Parks (PM MITRA) scheme has been added as an additional scheme eligible to claim benefits under CSP (Common Service Provider) Scheme of Export Promotion capital Goods Scheme(EPCG).
- Dairy sector to be exempted from maintaining Average Export Obligation – to support dairy sector to upgrade the technology.
- Battery Electric Vehicles (BEV) of all types, Vertical Farming equipment, Wastewater Treatment and Recycling, Rainwater harvesting system and Rainwater Filters, and Green Hydrogen are added to Green Technology products – will now be eligible for reduced Export Obligation requirement under EPCG Scheme

Facilitation under Advance authorization Scheme

Advance authorisation Scheme accessed by DTA units provides duty-free import of raw materials for manufacturing export items and is placed at a similar footing to EOU and SEZ Scheme. However, the DTA unit has the flexibility to work both for domestic as well as export production. Based on interactions with industry and Export Promotion councils, certain facilitation provisions have been added in the present FTP such as

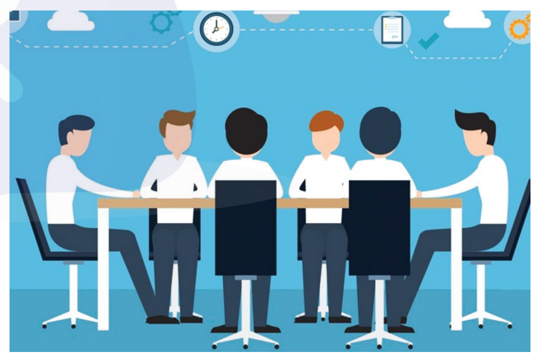
- Special Advance Authorisation Scheme extended to export of Apparel and Clothing sector under para 4.07 of HBP on self-declaration basis to facilitate prompt execution of export orders – Norms would be fixed within fixed timeframe.
- Benefits of Self-Ratification Scheme for fixation of Input-Output Norms extended to 2 star and above status holders in addition to Authorised Economic Operators at present.

Merchanting Trade

To develop India into a merchanting trade hub, the FTP 2023 has introduced provisions for merchanting trade. Merchanting trade of restricted and prohibited items under export policy would now be possible. Merchanting trade involves shipment of goods from one foreign country to another foreign country without touching Indian ports, involving an Indian intermediary. This will be subject to compliance with RBI guidelines, and won't be applicable for goods/items classified in the CITES and SCOMET list. In course of time, this will allow Indian entrepreneurs to convert certain places like GIFT city etc. into major merchanting hubs as seen in places like Dubai, Singapore and Hong Kong.

Amnesty Scheme

Finally, the government is strongly committed to reducing litigation and fostering trust-based relationships to help alleviate the issues faced by exporters. In line with "Vivaad se Vishwaas" initiative, which sought to settle tax disputes amicably, the government tis introducing a special one-time Amnesty Scheme under the FTP 2023to address default on Export Obligations. This scheme is intended to provide relief to exporters who have been unable to meet their obligations under EPCG and Advance Authorizations, and who are burdened by high duty and interest costs associated with pending cases. All pending cases of the default in meeting Export Obligation (EO) of authorizations



mentioned can be regularized on payment of all customs duties that were exempted in proportion to unfulfilled Export Obligation. The interest payable is capped at 100% of these exempted duties under this scheme. However, no interest is payable on the portion of Additional Customs Duty and Special Additional Customs Duty and this is likely to provide relief to exporters as interest burden will come down substantially. It is hoped that this amnesty will give these exporters a fresh start and an opportunity to come into compliance.substantial relief to exporters from interest burden. The government hopes that this amnesty will offer these exporters a fresh start and a chance to comply with regulation.

CIM holds Consultations with IT/ITES SEZ Developers/Units on DESH Bill

Shri Piyush Goyal, Hon'ble Minister of Commerce & Industry, Consumer Affairs, Food and Public Distribution and Textiles held stakeholder's consultations with IT/ITES developers and units regarding The Development of Enterprises and Services Hubs (DESH) Bill, 2022 on 13 January 2023 in Vanijya Bhawan, New Delhi. Shri L Satya Sriniwas, Addition Secretary (SEZ), Shri Vipul Bansal, Joint Secretary (SEZ), Shri Rajiv Talwar, Member (Customs), CBIC and Shri Alok Chaturvedi, DG, EPCES, Ms Debjani Ghosh, President – NASSCOM, Ashish Aggarwal, Vice President, NASSCOM and other officers from IT/ITES Developers/Units.

The meeting was primarily to seek views of the IT/ITES community on the issue of introducing MOOWR (Manufacturing and Other Operations in Warehouses Regulations) framework in SEZs under DESH Bill. Basically, it implied the following:

i) Domestic procurement will be same as in case of a DTA unit i.e. on domestic procurement, GST will have to be paid upfront and then apply for the refund in case of exports. (Zero rating of GST on domestic procurement will not be there)

ii) On imported Goods, Customs Duties (BCD/IGST, etc.) will be deferred and not to be paid(remitted) in case of exports and to be paid in case of clearance to DTA (Duty Foregone/Duty deferral principle)

Presently, import duties as well as GST is zero rated for supplies to SEZ.

In the last stakeholder's consultation on DESH Bill under the chairmanship of AS(SEZ) , representatives of Services units/developers had opposed the removal of

zero rating on domestic procurement as they will have to pay 18% GST on domestic procurement which will get blocked and they will have to apply for refund. This will mean extra expenditure on interest on working capital and more working capital will be required. SEZ units are primarily meant for exports and hence paying GST upfront is unnecessary and against ease of doing business.

Services Units and Developers opposed removal of zero rating as this was the basic facility available to SEZ units. Services units emphasized that they basically want to have INR payment for supply of services to DTA and some sort of building-wise, floor-wise de-notification/de-bonding for maximizing the utilisation of idle space in SEZs.

The views of IT/ITES community were noted and it was assured that the same will be kept in view while finalizing the DESH Bill.

Seminar on Authorized Economic Operator (AEO) Program:

On February 20, 2023, a seminar on the Authorized Economic Operator (AEO) scheme was held in the conference hall on the 2nd floor of the Service Centre at the office of the Development Commissioner, NSEZ, Noida. The event was organized in association with EPCES, Noida, and was held in a hybrid mode. The seminar featured a presentation on the AEO scheme by Md. Salik Parwaiz, IRS, Addl. Commissioner, WCO, Department of Revenue. Additionally, subject matter experts were available for a Q&A session, where attendees could get their queries addressed. The event provided valuable insights into the AEO scheme, and its highlights were eagerly anticipated. A total of 72-85 members participated in the webinar.

The KEY Highlights of the session are as follows-

Overview of WCO SAFE Framework of Standards

The SAFE Framework of Standards was adopted by the World Customs Organization in 2005 to enhance global trade security and facilitation, prevent international terrorism, and promote revenue collection. It consists of five core elements, including the harmonization of advance electronic cargo information requirements for inbound, outbound, and transit shipments, the implementation of consistent risk management approaches by all member countries, the requirement for outbound inspections of high-risk cargo and transport conveyances at the request of receiving nations, the provision of benefits to businesses that meet supply chain security standards and best practices, and close cooperation with other government agencies to ensure the safety and security of societies while promoting the movement of goods.

Objectives of SAFE Framework of Standards

The objectives of the SAFE Framework of Standards are to establish global standards that promote supply chain security and facilitation, enable integrated and harmonized supply chain management for all modes of transport, enhance the capabilities of Customs to meet 21st Century challenges and opportunities, improve the ability of Customs to detect high-risk consignments through co-operation between administrations, facilitate co-operation between Customs and other government agencies involved in international trade and security, promote seamless movement of goods through secure supply chains, and strengthen co-operation between Customs and businesses. These objectives aim to provide certainty and predictability to international trade while ensuring the safety and security of societies.

SAFE Framework: Customs to Business Cooperation

The Customs-to-Business (C2B) pillar is one of the three pillars of the SAFE Framework and aims to promote cooperation between Customs administrations and private businesses involved in international trade. The C2B pillar has six aims, which include fostering partnerships, enhancing security, authorizing trusted businesses, utilizing technology, improving communication, and facilitating trade.

One of the specific objectives of the C2B pillar is to establish an international system that identifies private businesses that offer high levels of security guarantees in their role within the global supply chain. This objective is intended to enhance supply chain security while facilitating international trade.

Indian AEO programme

The Indian Authorized Economic Operator (AEO) program sets out eligibility and compliance criteria for businesses involved in customs-related activities. To be eligible for the program, a business must be a legal entity established in India, have been in operation for at least three financial years (or two

years for MSMEs), and have dealt with a minimum number of customs documents in the previous financial year. In terms of compliance, businesses must meet legal, commercial record management, and financial solvency requirements. In addition, businesses must meet security requirements related to premises, cargo, conveyance, personnel, business partner, and security training and threat awareness.

The AEO program offers four levels of certification, including AEO Tier I (based on compliance requirements only and desk-based review), AEO Tier II (based on compliance and security requirements with onsite validation and desk-based review), AEO Tier III (continuous AEO Tier II for two years or all business partners are AEO certified entities), and AEO LO (based on compliance and security requirements specifically for operators, with onsite validation and desk-based review). These certification requirements aim to promote supply chain security and facilitate trade in India.

Brief on AEO Master Circular

The AEO Master Circular 33/2016 - Customs provides guidelines for the AEO program, which includes legal compliance and financial solvency criteria. Under legal compliance, the applicant should have no show cause notices issued for fraud, smuggling, or Service Tax discrepancies. They should also have no pending or contemplated prosecutions against them or their senior management. The ratio of disputed duty or drawback demanded to total duty paid and claimed will also be reviewed. The applicant must have procedures to disclose irregularities and take remedial action. Under financial solvency, the applicant must be financially solvent for the past three years and not listed as insolvent or bankrupt. They should not have defaulted on Customs duties during this period. A solvency certificate from a statutory auditor or independent chartered accountant is required for AEO T1 and T2, while a statutory auditor's certificate is necessary for T3 and LO applicants. Positive net current assets and net worth will be evaluated for financial solvency.

Benefits of AEO LO Programme

The AEO LO program provides benefits to logistics providers, custodians or terminal operators, customs brokers, and warehouse operators. These benefits include waiver of bank guarantees, exemption from permission on a case-by-case basis, extended validity of licenses, and faster approval for new warehouses. Additionally, the program's mutual recognition agreements with other countries allow for reciprocal recognition of AEO authorizations and benefits, enhancing the security of supply chains and multiplying benefits for traders globally. Currently, CBIC has signed MRAs with four countries and JAP has signed with five, with negotiations ongoing with several others.

Special measures to facilitate MSME for AEO T1 and T2 accreditation

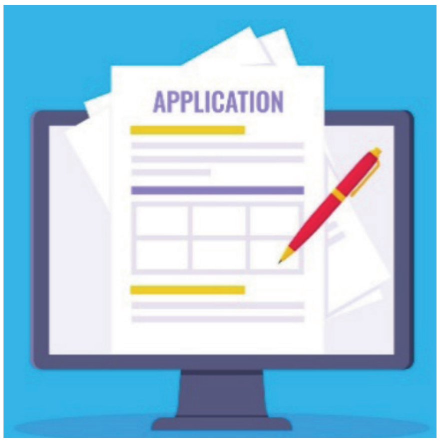
To address the difficulties faced by Micro, Small, and Medium Enterprises (MSMEs) during the COVID-19 pandemic, the Central Board of Indirect Taxes and Customs (CBIC) has introduced flexibilities in compliance and security requirements for AEO T1 and T2 accreditation. The eligibility requirements have been reduced from 25 to 10 documents during the last financial year, provided that the applicant has handled at least 5 documents in each half-year period of the preceding financial year. Additionally, the business activity requirement has been reduced from 3 to 2 years preceding the date of application, and the qualifying period for legal and financial compliance has been

reduced from the last 3 financial years to the last 2 financial years. Moreover, the time limit for application processing has been reduced to 15 days and 3 months for MSME AEO T1 and T2, respectively, post submission of complete documentation. There is also a reduced number of annexures for accreditation and certification and relaxation in furnishing bank guarantee (BG) to

25% and 10% for MSME AEO T1 and T2, respectively, from the earlier requirement of 50% and 25%.

AEO T1 certification Procedure:-

1) Register on the AEO website (www.aeoindia.gov.in) using your company's mobile number and email ID specified in the IEC.



2) Fill out Annexure 1, which includes the following details/documents:
   - Company name
   - Previous AEO application rejection letter (if applicable)
   - IEC and GSTN certificate details and attachments
   - Company address details and site plan attachment
   - Business nature details and point of contact information
3) Fill out Annexure 2, which includes the following details/documents:
   - Any violations of customs and related laws along with the violator (if applicable)
   - Any SCN by customs or GST authorities, along with reasons and order decisions
   - Segregation of contingent liability in your audit report for the last three financial years and other administrative details.
4) Submit your application and check the status of the verification process in the update verification section. If all the details and documents meet the eligibility criteria, your AEO Certificate will be issued within 30 days of submission.

Online filing of AEO T2/ T3 application and launch of v2.0 of AEO web portal

Customs and trade have been granted access to web application v2.0 since July 7, 2021, according to Circular No. 13/2021 - Customs issued on July 1, 2021. The following are the procedures for online filing of an AEO T2/T3 application:

1. AEO T2/T3 applicants need to submit physical documents to the jurisdictional Principal Chief Commissioner/Commissioner (AEO cell) to register on the AEO application.
2. After successful registration, the applicant can upload the duly filled annexure.
3. If the applicant is an existing T1 holder applying for T2, they can use their existing login credentials to upload annexures.
4. The applicant can monitor the processing of their application in real time.
5. If there are any deficiencies, the applicant can respond by uploading the required additional documents online.

Moreover, a step-by-step guide for filing the T2/T3 application is available on the CBIC website under the 'Indian AEO Programme' section and the aeoindia.go.in website's 'Download' section. This guide serves as a ready reckoner for applicants.

Auto renewal of AEO T1 application (1/2)

The CBIC has introduced the facility of continuous AEO certification/auto-renewal for T1 entities, with the purpose of reducing compliance burden and enabling higher facilitation. This facility is subject to the submission of an annual self-declaration between 1st October to 31st December each year, which must be uploaded on the AEO online web portal and reviewed. The Circular No. 18/2021-Customs dated 31.07.2021 permits this facility.

AEO entities certified on or after 1st April 2019 will be migrated for auto-renewal with effect from 1st August 2021. However, AEO entities certified from 1st January to 31st December will be exempted from filing the annual self-declaration for that year.

The Zonal AEO programme manager will approve the annual self-declaration. If any changes are observed or adverse findings are received, suitable action will be taken as per the guidelines of AEO Master Circular No. 33/2016 dated 22.07.2016.

Based on the annual self-declaration, the concerned zone will initiate a comprehensive compliance review. The review process will be conducted based on at least two annual self-declarations filed after the issuance of the T1 certificate or from the date of the last auto-renewal of certification on account of successful review (whichever is later). The review process must be completed before the commencement of the due date for the submission of the third annual self-declaration from the date of certification or from the date of the last auto-renewal of certification on account of successful review (whichever is later). Moreover, the Zonal AEO programme manager may seek additional documentation/information, as desired.

Auto renewal of AEO T1 application (2/2)

Submission of documents in jurisdictional Customs office → **Registration and filing of annexures online** → **Real time monitoring of application by the applicant**

Timelines		
Period of certification of AEO T1 Entity	**Last date of filing of first annual Self Declaration**	**Last date of completing review by the Zone**
01.04.2019 – 31.12.2019	31.12.2021	28.02.2022
01.01.2020 – 31.12.2020	31.12.2022	28.02.2023
01.01.2021 – 31.12.2021	31.12.2022	31.10.2024

Webinar on Budget 2023-24

On February 6th, 2023, the Export Promotion Council for EOUs and SEZs (EPCES) and Grant Thornton co-hosted a webinar titled "Union Budget 2023-24: Key Updates and Q&A Session on SEZs/EOUs". The Director General of EPCES, the distinguished Sh. Alok Chaturvedi, Sh. Srikant Badiga Vice Chairman, EPCES was joined by the Sh. Sridhar R, Partner at GT Bharat LLP, and Sh. Krishan Arora / Sh. PS Krishnan - Partners at GT Bharat LLP, and Ms Supriya Saxena, Partner at GT Bharat LLP. The webinar was attended by several exporter members from diverse units of SEZs and EOUs.

During the session, it was highlighted that the global economy is anticipated to grow at a slow pace due to challenges such as high inflation, tightening financial conditions, developments in Ukraine, and the resurgence of COVID-19. The IMF's January 2023 report projected a global economic growth rate of 2.9% for 2023-24. India was projected to play a significant role as a major growth engine globally, with a GDP of USD 3.5 trillion in 2022, expected to increase to USD 5.4 trillion by 2027, ranking third in the world after the United States and China. Despite external challenges, the Indian economy demonstrated resilience due to strong macroeconomic fundamentals, with GDP expected to grow at 7% in 2022-23 and 6.5% in 2023-24. The RBI and the government implemented timely measures to curb inflationary pressures, including two consecutive repo rate hikes, excise tax cuts on petrol and diesel, reduction in import duty on critical raw materials, capping of sugar exports, and banning of wheat exports. The revised estimated fiscal deficit for 2022-23 remained at 6.4% of GDP, and the fiscal deficit target was set at 4.5% of GDP by 2025-26. Gross tax revenue as a percentage of GDP increased to 11.4% in 2021-22 and remained constant in the current year, backed by high revenue collections. Capital expenditure is budgeted to have a higher share in total expenditure in FY 2023-24 than the previous year, with a growth rate of 33% over last year, i.e., 4.5% of GDP.

At the Middle of the Session, Ms. Supriya Saxena presented a comprehensive discussion on proposed individual tax changes. One proposal suggests expanding the scope of taxpayers to cover AOP, BOI, and artificial judicial persons. Another proposal suggests increasing the threshold for tax rebate for resident individuals to INR 7 lakh and allowing standard deduction and deduction for family pension under the new tax regime. Contributions to the Agniveer Corpus Fund could also be allowed as a deduction when computing taxable income. Additionally, there was a proposal to reduce the rate of surcharge on income exceeding INR 5 crore from 37% to 25% and to treat the new tax regime as the default tax regime with the option for taxpayers to select the old tax regime. There were also proposed changes in corporate taxation, taxation of capital gains, presumptive taxation, and tax deductions at source. Some of the proposed changes include extending the tax exemption to offshore funds and their unit holders or shareholders on relocation of the fund into International Financial Services Centres (IFSC), increasing the threshold for availing presumptive taxation, and reducing the time period for furnishing transfer pricing documentation. Additionally, the proposal suggests a tax on accreted income for existing charitable trusts that fail to make an application for registration within the prescribed timelines. The proposal also suggests an increase in the TCS rate from 5% to 20% on foreign remittances by resident individuals under the LRS without any threshold, excluding remittances for education and medical treatment. Lastly, the proposal suggests raising the exemption limit for leave encashment received on retirement by non-government salaried employees to INR 25 lakh from the current INR 3 lakh, with a separate notification expected for this change mentioned in the Budget speech.

During the Q&A session, participants asked questions that were answered by the DG of EPCES with assistance from Council Knowledge Partner GT. The Vice Chairman of EPCES concluded the session by expressing gratitude to all participants and reaffirming EPCES's dedication to promoting awareness among members and supporting the exporter community in creating a conducive environment for the growth of SEZ and EOU units. The webinar's recordings and presentations will be made available on the EPCES website for those who missed the session.

In summary, the webinar highlighted the resilience of the Indian economy and discussed important proposals related to individual tax and changes in Indian tax laws. This information is vital for individuals and companies operating in SEZs/EOUs and those looking to invest in India. The insights from this webinar will help them plan their operations and investments accordingly, ensuring compliance with the latest regulations and maximizing their returns.

EPCES at your Service

Dear Colleagues,

Our continuous aim at EPCES is to deliver great service to our members. We launched a dedicated email account, query@epces.in, two years ago to enable our members to submit their issues and concerns as part of our continuing efforts to consistently improve and elevate our services. We are glad to see that our members are making use of this service. We are pleased to report that Grant & Thornton has been reappointed as our Knowledge Partner to help us respond to our members' inquiries more quickly and correctly. Their broad knowledge and ability will allow us to provide efficient and effective answers to the issues of our members. Our members can seek assistance on a broad range of EOU/SEZ-related concerns, including policy and procedural issues related to SEZs and EOUs, as well as Indirect and Direct Taxes (Customs Duties, GST, Income Tax, etc.) and Foreign Trade Policy. We strongly encourage our members to avail of these services and to reach out to us if they require any assistance or have any questions. We are fully dedicated to improving our services and welcome feedback and suggestions from our members. Please do not hesitate to contact us at newsletter@epces.in or dg@epces.in with your valuable insights and recommendations. We deeply appreciate your continued support and collaboration as we strive to provide the best possible service to our members.

Warm regards,

Newsletter@epces.in

EPCES News is dedicated to shedding light on the challenges faced by the EOU & SEZ community. We cordially invite our members to contribute informative pieces to newsletter@epces.in, accompanied by a photo and contact details. We highly recommend our members to seize this opportunity to submit relevant information, articles, or data for publication in the EPCES Newsletter. Let's work together to promote the growth of EOUs, SEZ units & SEZ Developers.

Feedback from the EOUs

Dear Members

A recent letter that was sent to Additional Secretary Sh. L Satya Srinivas on behalf of EPCES. In the letter, we shared feedback received from our EOU members about the challenges they are facing and any suggestions they had for improvements to the EOU scheme.

Many members expressed a desire for the EOU scheme to be covered under the RoDTEP scheme, and a number of other important suggestions and difficulties were also brought to our attention. We have attached a list of these suggestions and difficulties for your reference.

We also requested that the difficulties faced by EOUs be addressed on a priority basis, and we would like to hold a stakeholders' consultation session with EOUs under AS(SEZ) chairmanship.

Export Promotion Council for EOUs & SEZs
(Setup by Ministry of Commerce, Government of India)
A-101, 10th Floor, Himalaya House, 23, Kasturba Gandhi Marg, New Delhi-110001
Tel: 011-23329770
Email: dg@epces.in Web: www.epces.in

Alok Chaturvedi
Director General

EPC/SEZ/AM19/A-14
16th February, 2023

Dear Satya,

EPCES has recently conducted a feedback survey from their EOU members about the difficulties being faced by them and suggestions, if any, in the EOU scheme.

2. Besides, the major demand that EOU scheme be covered under the RoDTEP scheme, a number of important suggestions/difficulties have been pointed out by the members. A list of such suggestions/ difficulties is attached.

3. It is requested that the difficulties faced by the EOUs may be addressed on a priority basis. EPCES will be ready to hold a stakeholders' consultation session with EOUs your chairmanship.

With warm regards,

Yours

(Alok Chaturvedi)
16/2/2023

Shri L Satya Srinivas
Additional Secretary
Dept. of Commerce
Ministry of Commerce and Industry
New Delhi

List of key difficulties/suggestions pointed out by the EPCES EOU members in the implementation of EOU scheme

(i) Customs duty & IGST exemption on imports should be continued for EOUs on a long term basis for policy certainty rather than being extended for a short period again and again.

(ii) Bank guarantees exception is required for new registration of EOUs unit also. 25% is higher side on bond duty value. For new EOUs, requirement of BG for B-17 bond be exempted.

(iii) Seeking IGCRD for each year is complicated. EOU should give the IGCRD at least for 3 to 5 years or till the LOP is valid.

(iv) Standard process for B-17 Bond Re-Credit should be in place. Bond Register can be automated online. EOUs are importing duty free goods under IGCRD by executing Bond by replacing earlier method of Procurement Certificate. However, there is no provision to credit the Bond once the imported goods are exported back. This results in additional financial burden on units. The credit provision needs to be introduced to maintain correct spirit of Bond.

(v) There is a need for simpler process for imports under IGCRD. EOUs have to file the list of items to be imported by giving projections of exact description and quantity. However, import is always driven by Customer order and there will always be changes. Most of the times, unit fell short of IGCRD quantity and in turn they have to pay the duties.

(vi) Customs duty payment on DTA sale should be allowed to remit anywhere based on the unit location

(vii) Circular 10/2018 needs to be followed effectively in all the ports including Free trade zones

(viii) There should be simple process of conversion from EOU Scheme to Manufacture & Other Operations in Warehouse (MOOWR) Regulations 2019. Currently, EOU Unit(s) willing to convert under the MOOWR Scheme, it shall be considered to be an exit of EOU Unit as per the provision of para 6.18 of FTP, subject to payment of applicable duties, taxes, if any. Then only the final de-bonding order is issued. Instead the conversion should be allowed without any payment of duty.

(ix) EOUs which are primarily exporting their products should be exempted from the DGFT Notification No.17/2015-2020 Date 5th September 2019 for Compulsory Registration under Steel Import Monitoring System. The Compulsory registration under Steel Import Monitoring System requires submission of details in advance earlier than 60 days and not later than 15 days of expected date of arrival of import consignments. Also, the need to obtain an automatic registration number paying a fee of Re.1/ thousands on CIF value and the notification issued in this regard is still in force. This requirement under SIMS increases compliance burden as well as additional expenditure towards registration fee.

(x) There is a need to allow EOUs to do subcontracting /Job work for MOOWRs /DTAs/ EOUs/ SEZs as well without any restrictions. Job work permission for Domestic customers could be permitted in the similar manner to DTA sale. EOUs involved in Aerospace and Defence manufacturing being strategic sectors may specially be permitted to undertake Job work for select Defence PSUs like HAL, BEL, ISRO etc which will help boost the Atmanirbhar Program. Further, presently taking customs permission for job work (Subcontract) activity by EOUs is very cumbersome and time-taking as EOUs have to visit Customs Offices which are located 15-20 km away. Hence, Job work activity should be self-certified, and made auditable and in case intimation is required, the same should be permitted through email. In fact, since there is no duty benefit on local purchase, mandatory subcontracting permission needs to be abolished

(xi) There should be provision of online submission of documents, letters, approval, etc.

(xii) HBP Para 6.06 (C) (ii) states that imported tea should be utilised within a period of 6 months from the date of import. This time limit should be extended to 12 months from import date as the suppliers have some MOQ (Minimum Order Quantity) and EOUs face problems in having the entire quantity re-exported within the specified 6 months.

(xiii) On many occasions, EOUs require to import or export certain items which have not been pre-listed in the submitted LUT but are related to the business. EOUs should be allowed to import & export any related items to their business, even when such items are not mentioned in the LUT submitted by EOUs. For example, sometimes tea accessories made of glass, porcelain, herbal infusions for mixing with tea or making direct packing & export of the imported herbal infusions are needed to be imported. However, as the Green Card indicates Export of Tea only, the above items are questioned by Port customs during export shipment. There should be additional provision in the LUT format to be submitted by EOUs to also indicate the "to be Exported items allowed" under subject scheme, irrespective of the item mentioned on the issued Green Card. An EOU may be permitted to export all kinds of goods and services except items that are prohibited in ITC (HS).

(xiv) In terms Rule 96(10) of CGST Rules, units availing IGST exemption for procurement of inputs and capital goods are not eligible to get IGST refund against exports, even though they are not availing the IGST exemption for their export goods. However, it may be remembered that such units in the EOU sector who pay IGST on their exports and received refund are asked to pay back the IGST refund with interest, citing violation of Rule 96(10). This anomaly in the CGST rules may be rectified and it will be a big relief to the EOUs.

(xv) GST Refunds of Un-utilised ITC for EOUs should be streamlined.

(xvi) Recently, the government introduced IGST on the ocean freight paid for export goods. Here also EOUs are not given any exemption and they have to pay IGST and take input credit. This is another strain on working capital as the money get blocked in the credit ledger.

(xvii) Refund of accumulated GST due to inverted tax structure should be allowed to EOUs.

(xviii) There is a need for issue of guidelines for making payment of Customs Duty against imported inputs used in DTA product. In the absence of these guidelines, the field formations are not aware of the process and units have to make concerned officer aware every time.

(xix) Although many of the EOU's are AEO status holder, the customs authorities undertake 100% examination of Goods at the time of Imports. This is against the spirit of AEO concept. Further, import containers should not be subject to open inspection as a routine by Customs in case of status holders as FTP Para 6.40(b) says "Status holder units shall be exempted from examination of import cargo at port of import."

(xx) There is a need to increase the limit of GR Waiver Procedures for Free Warranty Spares Supply under para 2.50 Export of Spares to INR 1,00,000/- from the current INR 25,000/- . EOUs are unable to supply Urgent Warranty Spares beyond INR 25,000/- without completing the GR Waiver Procedures (As per restrictions vide Circular23-RB/2000 under FEMA) even if the Equipment is under Break down at customer end.

(xxi) The limit of 5% of FOB value of exports for procurement and export of spares / components under Para 6.01 (j) needs to be increased to 10%. With this change Capital

Goods Manufacturers under EOU would be able to serve to their customers for the life time of supplied Capital Goods.

(xxii) Procurement of spares / components, upto 10% of value of manufactured articles cleared into DTA, may be allowed to same consignee / buyer for the purpose of after sale-service. The same can be cleared in DTA on payment of applicable duty. With this change Capital Goods Manufacturers under EOU would be able to serve to their Domestic customers for the life time of supplied Capital Goods.

(xxiii) As per FTP para 6.13(d), group of EOUs are allowed transfer of goods and services on a case to case basis. EOU units should be allowed this transfer of goods and services to their own SEZ unit as well.

(xxiv) EOU to EOU sale may be allowed without GST.

(xxv) In EOU, one has to decide well in advance the goods for which Basic Customs duty and IGST waiver is sought in addendum. This is a problematic in fast changing scenario in the current world and every day list of material to be imported changes drastically. Taking out addendum and preparing annexure letter takes at least 10-15 days. This is unfair as EOU unit has to charge additional duty when it sells the goods to DTA customer.

(xxvi) Currently EOU need to take re-export permission from Customs to re-export rejection. This needs to be changed to self-certification and documentation onus should be placed on assesse and can be verified during Audits.

(xxvii) Currently EOU need to take permission to de-bond Capital goods. This also needs to be self-certified, and unit can assess the depreciated value as per FTP norms and get this de-bonded by payment of applicable duties. This needs to be changed to self-certification and documentation onus should be placed on assesse and can be verified during Audits.

(xxviii) Currently EOUs are allowed a maximum of 2% as scrap. With ever growing requirements of high quality of product, the 2% scrap is very less and may be revised to 5%.

(xxix) Currently Norms fixation is undertaken centrally at DGFT, New Delhi, which tends to take time and needs follow up. The responsibility be vested with DCs of SEZs who are empowered to release Adhoc Norms.

(xxx) Currently there is lack of clarity on applicability of Norms fixed for Export Product manufactured by DTA unit if that unit converts to EOU and the export product remains the same with same input items. This should be clarified.

(xxxi) On imports, General Exemption as well as EOU notification should be allowed instead only EOU notification alone.

(xxxii) Port restriction on Import of Latex for EOU / SEZ / Advance license users should be removed to save inland freight, container damage and risk factor.

(xxxiii) Similar provision of intimation through email be allowed for Duty free material imported by EOUs.

(xxxiv) There is a need for clarification on the procedural aspect while removing the used capital goods from EOU to DTA unit. Currently, the FTP law requires only intimation while removing the used capital goods on payment of duty. However, Customs officer insist on prior permission.

(xxxv) There is a need for clarification on removal of manufactured scrap from one EOU to another. SEEPZ authorities are questioning the removal of manufactured scrap from one EOU to another which is allowed as per Chapter 6 of FTP.

GST Refund to SEZ – from the lens of judiciary

It has been over 5 years since inception of GST law and the Government has left no stone unturned for ensuring seamless experience to taxpayers, yet there are certain hardships faced by GST registrants in claiming GST refunds. Specifically, in case of "Special Economic Zone" units, as being independent interpretations and practices followed amongst taxpayers as well as jurisdictional authorities across nation.

Considering the tax benefits (zero rating for authorised operations) available to SEZ units/developers, eligibility of GST refund of unutilised ITC to SEZ units/developers has always been a grey area. Upon rejection of refund claims, taxpayers operating under SEZ policy have been knocking the door various Hon'ble courts to get the relief.

This article attempting to highlight the ideology of various judicial outcomes on the issue of eligibility of refunds under GST to SEZ units/developers.

Gujrat HC: Allows SEZ's refund; Requires undertaking to return unutilized ITC if supplier files claim –

SE Forge Ltd vs UOI [TS-67-HC(GUJ)-2023-GST] 02 March 2023

Hon'ble Gujrat High Court allows the refund application of SEZ unit under Form GST RFD-01 for unutilized ITC under the category of "Export of Goods/Services without payment of tax" where supplier levied IGST and same was paid by SEZ unit. However, SEZ unit requires to furnish a specific undertaking/bond to the effect that if supplier at any point of time takes refund which comes to Department's notice, same shall be recovered with interest. Hence, discarding Revenue's contentions, Court directs Revenue to refund the amount while taking a proper undertaking/bond from assesse.

Madras HC: allowed the writ and held that the petitioner SEZ unit is entitled to claim refund of tax paid on purchases –

M/s Platinum Holdings Pvt. Ltd. vs UOI [W.P.No.13284 of 2020] 11 August 2021

Though zero-rated supplies to SEZs are not subject to levy of taxes, the petitioner, in this case has remitted the same as raised in invoice. Further, the refund provisions under GST law, providing for a refund, apply to any person who claims such refund and who makes an application for the grant of same. The language of provision is clear and does not contain or admit of any restriction in its operation. The statutory scheme for refund admits applications to be filed by any entity that believes that it is so entitled including the petitioner SEZ. Therefore, the HC allowed the writ and held that the petitioner SEZ unit is entitled to claim refund of tax paid on purchases.

Madras HC: allowed the writ and held that the petitioner SEZ unit is entitled to claim refund of tax paid on purchases –

M/s ATC Tires Private Limited vs Joint Commissioner of GST [W.P(MD) No.949 of 2022] 8 March 2022

A very purpose of granting this refund is only to give incentive for exports and to reduce the burden of tax to make the exports more competitive in the international markets. Rule is not intended to deny the legitimate benefit available to an exported effecting zero rated supplies. The impugned order passed by the GST authorities denying the benefit of refund of unutilized input tax credit of zero-rated supplies was set aside.

In all above disputes, a common contention by revenue authorities was rejecting the refund application basis the proviso of Rule 89 of CGST Rules 2017. The relevant extract of Rule 89 has been reproduced hereunder–

"Provided further that in respect of supplies to a SEZ unit or a developer, the application for refund shall be filed by the –

a) supplier of goods after such goods have been admitted in full in the SEZ for authorised operations, as endorsed by the specified officer of the Zone.

b) supplier of services along with such evidence regarding receipt of services for authorised operations as endorsed by the specified officer of the Zone."

From abovementioned provision, one could infer that option of claiming a refund for supplies effected to SEZ unit/developer can be exercised only by suppliers and not by the SEZ unit/developer (i.e. the recipient of such supplies).

However, Hon'ble courts have assessed other crucial aspects of the entire GST refund application filed by a SEZ unit, which has been highlighted as below:

- Rule is not intended to deny the legitimate benefit available to an exported effecting zero rated supplies
- Section 54(1) of CGST Act, 2017 states the phrase "Any person claiming refund", through which it implies that intention of law is to provide benefit of refund to all registered persons and not categorically rule out SEZ units from such benefit
- It has been specified that the supplier had not claimed the above said refund
- an undertaking by SEZ unit to the effect that if supplier at any point of time takes refund same shall be recovered with interest

It is imperative to note that today, SEZ units are BEARING THE UNBEARABLE burden of GST where supplier opt to charge IGST and full invoice value is paid by SEZ. This inter-alia becomes part of cost due to non-utilisation of ITC and non-availability of GST refund of ITC. GST authorities have been drawing reference from ruling issued by the Appellate Authority, GST, Andhra Pradesh, in **"Re: Vaachi International Pvt. Ltd. [Order No. 4990 of 2020 dated 10th February 2020]"** wherein it was held that the SEZ unit/ developer shall not claim any refund against ITC involved in supplies received from non-SEZ suppliers as GST law provides mechanism for refund claim by suppliers.

Needless to mention, the recent rulings of Hon'ble high courts of Gujarat and Madras (re SE Forge and ATC Tires) are blessing in disguise and will support in bringing in uniformity for SEZ units seeking refunds. However, government need to clear the dust by issuing an appropriate clarification considering the views of judicial outcome to avoid unwanted litigations and to make GST a Good & Simple Tax.

Credit - The following article has been authored by Mr. Praveen Kashyap, ED Grant Thornton Bharat, Ms. Sakshi Pahwa, Manager Grant Thornton Bharat, and Mr. Abhinay Dubey, Assistant Manager, Grant Thornton Bharat.

Benefits of EPCES Membership

Policy Support-

EPCES Serves its commitment to supporting its members by actively monitoring the latest trade issues and implementing appropriate measures to address them. The council maintains a continuous and

effective line of communication with its members to remain informed about their concerns and challenges. To resolve any issues raised by members, EPCES engages with relevant government authorities, including the Department of Commerce, Directorate General of Foreign Trade, Reserve Bank of India, Central Board of Excise and Customs, Department of Revenue, Indian missions abroad, and other trade bodies. This edition of EPCES updates members on the status of issues raised with the government, which the council regularly receives and shares with officials of various ministries on their behalf.

Furthermore, EPCES provides its members with a unique opportunity to engage in consultations concerning the DESH Bill and the integration of SEZ Online with ICEGA TE. The primary aim of these consultations is to ensure that the interests of businesses operating under Export Oriented Units (EOUs) and Special Economic Zones (SEZs) are adequately represented during the negotiation process. Through member involvement, EPCES seeks to facilitate the creation of agreements that are not only beneficial for individual businesses but also for the industry as a whole. For instance, EPCES conducted a survey to identify issues relevant to EOUs, and a brief presentation on the findings was submitted to the Department of Commerce, Ministry of Commerce and Industry, which can also be found in this edition. This approach ensures that EPCES can effectively advocate for its members by engaging with government authorities on their behalf, thereby providing crucial policy support to the EOU and SEZ industry in India.

EPCES Members Query Redressal-

Email- EPCES Supports the importance of attending to its members' inquiries and apprehensions concerning SEZs, EOUs, indirect and direct taxes (e.g., Customs Duties, GST, Income Tax), and foreign trade policies. To facilitate timely and efficient resolution of member queries, the council has set up a streamlined communication channel. Members can utilize the dedicated email address, query@epces.in, to obtain guidance and

suggestions from subject matter experts, notably Grant Thornton. EPCES's knowledge partners are committed to addressing written correspondence from members and providing appropriate solutions and recommendations. This proactive approach fosters a robust relationship between EPCES and its members, ensuring that the council remains responsive to their needs and concerns. To further enhance member engagement, this edition includes the query log from January to March 2023. The complete annual query log is available on the website at www.epces.in/

WhatsApp – EPCES has also occupied a proactive step in establishing WhatsApp groups for each zone, SEZ units, EOU's, and developers, which are efficiently managed by EPCES Regional Directors. This initiative has provided members with a convenient platform to address their concerns and queries. Members frequently avail of this opportunity to seek advice on the SEZ Act and rules, indirect and direct taxes, and other significant matters. EPCES' team of knowledge partners and Regional Directors ensures that these queries are promptly and insightfully addressed, thereby establishing a robust communication network that fosters a strong relationship between the council and its members.

Helpdesk – EPCES offers prompt assistance to its members, and is readily available to address any concerns that may arise at https://www.epces.in/

enquiry-form.php/ In addition, a dedicated helpline 011-2332966-69 (between 10 am to 7 pm- Monday to Friday) is provided to members, ensuring that they can easily communicate their grievances without encountering any difficulties.

Highlight your Business -

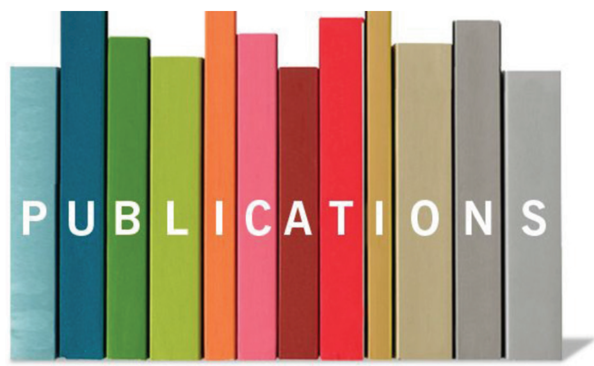
EPCES offers a range of opportunities for its members to showcase their business and connect with global counterparts. Members have the option to participate in international trade fairs at a subsidized rate,

which can provide valuable exposure and networking opportunities. Additionally, EPCES organizes webinars, seminars, and stakeholder consultations which allow members to engage in important decision-making processes and contribute their perspectives on relevant topics.

In order to facilitate B2B connections, EPCES organizes B2B meetings for its members, which can be an excellent way to connect with potential partners and explore new business opportunities. Further, EPCES members may avail reimbursement of testing charges for engineering products under the MAI scheme through the organization, subject to certain conditions.

EPCES Publication-

EPCES Newsletter - EPCES News is a publication of significant value to its members, as it provides comprehensive information on the latest developments in international trade, with a specific focus on SEZs (Special Economic Zones) and EOUs (Export Oriented



Units). This newsletter offers a detailed overview of the challenges and opportunities encountered by the Indian SEZs export industry, covering a broad range of topics, such as stakeholders' consultations conducted by the Commerce Ministry on the proposed development of the Enterprises and Services Hub (DESH), workshops, sessions, and articles authored by subject matter experts on various topics related to SEZs and EOUs.

Furthermore, the publication periodically covers various initiatives taken by the Government of India to facilitate exports from SEZs and EOUs across the country, such as the transition of customs administration from SEZ Online to ICEGATE and the economic cooperation and trade agreements. Updates on the inclusion in the

RoDTEP scheme and proposed DESH Bill are also provided, along with the activities undertaken by the council for its members.

Recently, the Department of Commerce has mandated EPCES to establish a research cell that will conduct comprehensive analysis related to 'SEZs and EOUs Exim' and DTA (Domestic Tariff Area) procurement and supplies data. With this initiative, EPCES is now able to present comprehensive data analysis to its members, which will be immensely beneficial to the EPCES community. These updates provide readers with valuable insights into the policies and strategies being implemented to promote the growth of the export industry in India.

In addition, this publication offers a comprehensive overview of regional activities taking place in all SEZs, with articles featuring Cochin SEZ, FSEZ, MEPZ, NSEZ, SEEPZ, and VSEZ. By highlighting regional activities, this publication provides readers with an understanding of the varied challenges and opportunities faced by different SEZs throughout the country. Furthermore, the publication provides an update on pending issues with the government. This section offers valuable insights into the progress made on critical issues affecting the export industry. Lastly, EPCES News includes a member query section related to indirect taxes, giving readers the opportunity to clarify any doubts or queries they may have on relevant topics.

Other Services Offered

EXIM Data Analysis - The Department of Commerce has asked EPCES to set up a research cell to examine and analyze data related to SEZs, EOUs Exim, and DTA procurement and supplies. This has allowed EPCES to provide useful information to its members about the policies and strategies that are being put in place to support the growth of India's SEZ export industry. The data analysis helps to identify both opportunities and challenges, and assists in solving problems. By providing accurate and up-to-date data analysis, EPCES is helping its members make better decisions and contribute to the growth of India's export industry.

Certificate of Origin-

EPCES provides support to members in obtaining Non-Preferential Certificate of Origin. Members can contact EPCES through the helpline number 011-2332966 or visit the EPCES website at www.epces.in to obtain the certificate. Mr. Naveen Saxena, Assistant Director, can be contacted at 9911264161 for further assistance.

Fact Sheet -

Special Economic Zones as on 11.04.2023

Fact Sheet on Special Economic Zones as on 11.04.2023

(*Dedicated website: www.sezindia.nic.in*)

Number of Formal approvals *(As on 11.04.2023)*	**424**
Number of notified SEZs *(As on 11.04.2023)*	**376** *(Including 7 Central Govt.+12 State Govt. / Private Sector SEZs set up prior to the enactment of SEZ Act, 2005)*
Number of In-Principle Approvals *(As on 11.04.2023)*	**35**
Operational SEZs *(As on 31st December 2022)*	**272**
Units approved in SEZs *(As on 31st December, 2022)*	**5,655**

Land for SEZs *(As on 11.04.2023)*	*7 Central Govt. + 12 State Govt. /Pvt. SEZs notified before SEZ Act, 2005.*	*Notified SEZs under the SEZ Act, 2005*	*Total Notified SEZs Area (1+2)*	*Formally Approved SEZs (424-357)*	*Total Area (3+4)*
	(1)	*(2)*	*(3)*	*(4)*	*(5)*
	2122.35 Ha	**37621.69 Ha**	**39744.04 Ha**	**5487.33 Ha**	**45231.37 Ha**
	Land is a State subject. Land for SEZs is procured as per the policy and procedures of the respective State Governments.				

INVESTMENT	**Investment** *(As on February, 2006)*	**Incremental Investment**	**Total Investment** *(As on 31st December, 2022)*
Central Government SEZs	Rs. 2,279.20 cr.	Rs. 21,920.89 cr.	Rs. 24,200.09 cr.
State/Pvt. SEZs set up before 2006	Rs. 1,756.31 cr.	Rs. 11,715.29 cr.	Rs. 13,471.60 cr.
SEZs Notified under the Act	-	Rs. 6,18,323.76 cr.	Rs. 6,18,323.76 cr.
Total	**Rs. 4,035.51 cr.**	**Rs. 6,51,959.94 cr.**	**Rs. 6,55,995.45 cr.**

EMPLOYMENT	**Employment** *(As on February, 2006)*	**Incremental Employment**	**Total Employment** *(As on 31st December, 2022)*
Central Government SEZs	1,22,236 person	71,364 person	1,93,600 person
State/Pvt. SEZs set up before 2006	12,468 person	95,019 person	1,07,487 person
SEZs Notified under the Act	0 person	25,67,996 person	25,67,996 person
Total	**1,34,704 person**	**27,34,379 person**	**28,69,083 person**

Exports in 2020-21 ***DTA Sale*** *(Deemed exports)* ***DTA Sale*** *(Not counted for +ve NFE)*	**Rs. 7,59,524 Crore [102.32 Billion USD]** (Decrease of -4.66% over FY 2019-20) ***Rs. 20,167 Crore (2% of total production)*** ***Rs. 1,76,634 Crore (18% of total production)***
Exports in 2021-22 ***DTA Sale*** *(Deemed exports)* ***DTA Sale*** *(Not counted for +ve NFE)*	**Rs. 9,90,747 Crore [133 Billion USD]** (Growth of 30% over FY 2020-21) ***Rs. 27,401 Crore (2% of total production)*** ***Rs. 3,27,642 Crore (24% of total production)***
Exports in 2022-23 *(As on 28th February, 2023)* ***DTA Sale*** *(Deemed exports)* ***DTA Sale*** *(Not counted for +ve NFE)*	**Rs. 11,17,391 Crore [139.34 Billion USD]** (Growth of 27% over the exports of the corresponding period of FY 2021-22) ***Rs. 26,665 Crore (2% of total production)*** ***Rs. 2,26,528 Crore (17% of total production)***

EXPORT PROMOTION COUNCIL FOR EOUs AND SEZs

(Setup by Ministry of Commerce & Industry, Government of India)
A-101, 10th floor, Himalaya House, 23, Kasturba Gandhi Marg, New Delhi-110001
Tel: 23329766-69
E-mail: dg@epces.in Web: www.epces.in

Circular No. 442
Dated: 01st March, 2023

Dear Members,

Subject: Renewal of RCMC for the Financial Year 2023-24

This is regarding renewal of RCMC by members for the financial year 2023-24. Members are requested to get their RCMC renewed by 30.04.2023. There is no change in the Renewal fee and the procedure for renewal. As mandated by Ministry of Commerce, and as was during the current financial year, the renewal has to be carried out through DGFT common digital e-RCMC portal.

2. Members may login on the DGFT portal https://www.dgft.gov.in by clicking on the Login button. Members who are already registered with DGFT portal may use the same user Id and password which is used for IEC for logging into the portal. If members are not already registered with DGFT portal, they have to press register button and get themselves registered. we have provided a general user guide at https://content.dgft.gov.in/Website/e-RCMC%20Customer%20Portal%20User%20Help%20File%20v2.0.pdf and a video tutorial at https://youtu.be/f4ijdmD4X4I

3. While applying for RCMC, one should keep the copy of relevant documents (Valid LOA/LOP, APR or Self certified letter for proof of export turnover etc.) ready as you will be required to upload these documents.

4. Please send an email to membership@epces.in & accounts@epces.in immediately after making payment (online / offline) so that the payments are reconciled and adjusted for.

5. **Mode of Payment**

- **For the online mode -** Members can pay the membership fee through the payment gateway while using the Net Banking/Credit Card/Debit Card/ UPI provided in the portal.
- **For offline mode -** Members must pay membership fee in advance and then they may apply for RCMC while entering the details of payment made in advance (such as through NEFT/RTGS/DD/Cheque, etc.) and submit the application. Kindly note other provisions remain the same.

6. **Government Instructions:**

RCMC of EPCES is compulsory for all the EOUs, SEZ units, SEZ Developers and Co-developers as per the below instructions of the Government of India:

(i) Vide DGFT Trade Notice No 35/2021-22 dated 24.2.2022 making it mandatory for the exporters to file RCMC application through the common digital e-RCMC portal

(ii) Ministry of Commerce & Industry (Department of Commerce) Gazette Notification G. S. R. (771-E) dated 5-08-2016 amending rule 2 and rule 22 of SEZ Rules providing that "RCMC means membership certificate issued by the Export Promotion Council for EOUs & SEZs and that "Units or the developer including co-developer shall obtain a Registration-cum-Membership Certificate for availing exemptions, drawback and concessions".

(iii) DGFT Public Notice 27/2015-2020 dated 26-08-2019 which authorizes EPCES to issue RCMC to Export Oriented Units (EOUs) & **Public Notice 45/2015-2020 dated 27-12-2022 which provides that "All products & Services by EOUs & SEZs falling with jurisdiction of EPCES".**

6. For any difficulty in applying for RCMC on e-RCMC digital portal of DGFT, please contact the following officers:

S. No.	Name	Designation	Contact Number	Email Id
1.	Vikrant Sharma	Executive	8010781257	membership@epces.in
2.	Chandan Singh	Executive	9582925179	membership@epces.in

7. **Members Fee Structure for Renewal of RCMC for the Financial Year 2023-24**

Membership fee details for EOU Units	**Subscription**	**GST @ 18%**	**Total Payable**
Export turnover upto Rs. 5 Crore	Rs. 5,000/-	Rs. 900/-	**Rs. 5,900/-**
Export turnover above Rs.5 Crore to Rs 25 Crore	Rs. 10,000/-	Rs. 1,800/-	**Rs. 11,800/-**
Export turnover Rs.25 Crore and above	Rs. 15,000/-	Rs. 2,700/-	**Rs. 17,700/-**

Membership fee details for SEZ Units	**Subscription**	**Total Payable**
Export turnover upto Rs. 5 Crore	Rs. 5,000/-	**Rs. 5,000/-**
Export turnover above Rs.5 Crore to Rs 25 Crore	Rs. 10,000/-	**Rs. 10,000/-**
Export turnover Rs.25 Crore and above	Rs. 15,000/-	**Rs. 15,000/-**

Membership Fee details for Renewal of SEZ Developers/Co-Developer	**Subscription**	**Total Payable**
Small SEZ Developers below 1000 Hectares Land	Rs. 15,000/-	**Rs. 15,000/-**
Big SEZ Developers above 1000 Hectares Land	Rs. 20,000/-	**Rs. 20,000/-**

Membership fee details for New SEZ Developers/Co-Developer	**Subscription**	**One Time Admission Fee**	**Total Payable**
Small SEZ Developers below 1000 hectares land	Rs. 15,000/-	Rs. 20,000/-	**Rs. 35,000/-**
Big SEZ Developers above 1000 Hectares Land	Rs. 20,000/-	Rs. 50,000/-	**Rs. 70,000/-**

8. **EPCES ICICI Bank account for making payment through NEFT/RTGS/IMPS**

Name of the Beneficiary	**Export Promotion Council for EOUs & SEZs**
Name of Bank	ICICI Bank
Bank Address	Karol Bagh Branch, 2692, Desh Bandhu Gupta Road, Karol Bagh, New Delhi
Code No. of Bank	6291
Saving Account No	629101102838
RTGS/NEFT IFSC Code	ICIC0006291
PAN No.	AAATE1565C
GST No.	07AAATE1565C1Z5

Carbon Border Tax

Dr. Amiya Chandra, Additional DGFT

Summary:

- Many countries are implementing trade policies to achieve their nationally defined contributions under the Paris Agreement by planning to introduce taxes at the border to complement domestic carbon taxes and prevent carbon leakage.

- Most of these are developed highly industrialised nations in North America and EU. They have proposed a levy on imported carbon-intensive products, which will shape the role of trade in the fight against climate change.

- These measures are controversial as they can be considered as 'green protectionism' resulting in creating technical barriers within global trade and createmonopolistic environment and trade policies, that providetechnological edge to these developed nations and are unfair for the manufacturing and service sectors in developing or least developed nations.

- These are bound to be challenged in the WTO forum as they become a protectionist device, unduly shielding local industries in these developed nations from foreign competition, especially competition from industries set in developing nations. These developed nations with their economic might, technological edge and restrictions on knowledge sharing as a result of stringent IPR regime are trying to unilaterally introduce measures that are regressive for developing countries like India with huge population.

- It is equally critical to realise that Indian Industry will have to reinvent itself and prepare for any eventuality at a fast pace to remain relevant and competitive in global markets. Simultaneously the Government will have to introduce measures to protect, promote and build competencies domestically to safeguard national economic, social and geo-political interests.

- Climate Change and measures being introduced in terms of carbon tax and other protective measures are both a threat and an opportunity for Indian Industry. Thus, it is essential that multiple policy approaches are drafted, systematically tested and introduced to avoid a gigantic shock.

  - Address and take leadership role at multilateral forums like WTO to ensure that measures undertaken to meet climate change goals, do not result into becoming technical and non-technical barriers for Indian industry

  - Protect India's interest while negotiating FTAs

  - Prepare national policy to address technological challenges due to climate change measures

    - India may choose to retaliate imports coming from the nations imposing carbon tax in trade.

    - Choose to negotiate exemptions. But

negotiating exemptions can be interpreted by others as ultimately bowing to a scheme often seen as an imposition from developed nations on others.

- Draft our own CBAM guidelines
- Engage State governments and Industry bodies in drafting the policies as well as while introducing new measures
- Prepare a financial blue print for financing the industry undertaking infrastructural transformation as a result of compliance to climate change goals and to remain competitive
- Ensure and promote new technological break throughs in manufacturing
- Develop quality guidelines and Standards at a fast pace. Be at the table as a leader rather than a follower
- Human resource policies with special focus on Skilling & Reskilling
- Special package to support Startups to provide technological edge in climate change. Incentives and easy finance for technologies that build competencies and scalability in terms of climate change, resulting into increasing competivity
- Build environment friendly Indian, carbon neutral brands and branding mechanism to ensure compliance to environment guidelines
- Trade in Carbon emissions
- Build awareness at the multiple levels, especially for the MSMEs who would have to bear the maximum negative impact

What is Carbon Border Adjustment Tax?

- A carbon border adjustment tax is a duty on imports based on the amount of carbon emissions resulting from the production of the product in question. As a price on carbon, it discourages emissions. As a trade-related measure, it affects production and exports.

How would the carbon border adjustment tax scheme work?

- If implemented as planned, the importers in EU and other developed nations implementing similar measures/ mechanism will have to buy carbon certificates corresponding to the carbon price that would have been paid in theirrespective countries, if the goods had been produced locally.The price of the certificates would be calculated according to the auction prices in the carbon credit market/s.
- The CBAM would initially apply to imports of cement, iron and steel, aluminium, fertilizers and electricity and there onwards will be expanded to other product categories being imported in these nations.
- This will put the industries set in developing nations at a great disadvantage:
  - Restrictions due to technological knowledge
  - Increase in manufacturing/ production costs due to
    - Overhauling the entire production processes
    - Huge investments required for setting or buying new machines
    - Increase cost for sourcing raw inputs
    - Increased cost due to IPR regime
    - Developing and complying with new quality standards
    - Increase labour costs due to requirements of re-skilling, re-training and increased cost of doing business
    - Increased cost for logistics despite incurring costs for setting state of the art manufacturing industries as Logistics also become an integral part of calculating carbon footprint
  - National and Regional security risks, due to unpredictable behaviour and tendencies of the developed nations to apply sanctions for Geo-political or due to Socio-economic reasons.
- Few examples of How technology and What trade may be impacted due to climate change?

Agriculture	• Introduction of new Agriculture practices and technologies that will reduce the existing carbon footprint with "farm to table" approach • Precision Agriculture Technologies using AI, Drones, mechanized and automated machineries to increase productivity/sqm • New practices like Hydroponics and Aeroponics with multilevel (32 level) farming will increase productivity and help grow pest free, insecticide free food, apart from reducing requirements of fertilizers and water. Better than organic farming, while reducing pressure on agricultural land availability • New food processing and packaging technologies ensuring longer and safer life period of processed food • Lab grown meat and dairy products • Man-made fibers
Manufacturing	• World is embracing Industry 4.0 energy efficient manufacturing technologies, re-engineered designs and practices to reduce carbon footprint. Material substitution and manufacturing technologies like nano technologies, IoT, embedded sensors, additive manufacturing are now being widely used. • Virtual manufacturing technologies with enhanced communication technologies like 5G have enabled the manufacturing to happen 24x7, 365 days a year with minimal human interventions, where the manufacturing processes are completely being monitored and controlled from offsite locations with help of AI and engineers at an offsite location • Servicification of Manufacturing will force evolution of new business models, and consumers may move away from "ownership of a product" to a "shared ownership/ rentals/ pay per use model etc."
Automobile	• New energy or fuel substitutes reducing dependency on fossil fuels. Vehicle designs, sizes and manufacturing technologies are changing and evolving. • Emergence of Electric Vehicles (EVs). Diesel or Petrol Engines and other ancillary components required for fossil fuel are becoming redundant. Demand for new Energy storage devices will increase manifold. • Autonomous vehicles to increase shared ownership or pay per use, reducing the number of vehicles on the road along with increasing productivity per KM of travel

Source: WTO Secretariat based on the WTO's Environmental Database (EDB).

Impact of Climate Change on International Trade

a) A global move toward a "low-carbon lifestyle" would entail significant changes in consumption and in how products are made. Today, global trade in environmental goods is estimated at more than US$1 trillion annually and is rising[1].

GHG emissions generated by the production and transport of exported and imported goods and services have increased and represent 20-30% of global GHG emissions. A few sectors, including energy and transportation, account for more than 75% of the GHG emissions embedded in international trade. The international transport sector generates 12% of global GHG emissions. For several sectors and economies, the share of transportation related emissions in total GHG emissions embedded in trade exceeds the share of production related emissions

b) "Energy conservation and efficiency" and "alternative and renewable energy" are the two main objectives pursued by the WTO members, accounting for 76% of all climate-related measures. For instance, preferential tax treatment for energy-saving and new energy vehicles and vessels (G/SCM/N/343/CHN) and the use of import licenses to regulate lighting with Minimum Energy Performance Standards (G/LIC/N/3/AUS/12) are some of the domestic measures implemented by WTO members to promote energy conservation[2].

c) Most of these measures were submitted under the WTO Agreement on Subsidies and Countervailing Measures (45%) and Agreement on Technical Barriers to Trade (TBT) (36%), potentially highlighting the importance of discussions in the Committees responsible for these Agreements.

d) Since 2009, over 100 WTO Members have notified at least one climate-related measure. Developed nations were responsible for around 58% of these measures, it is notable that developing and least-developed nations also notified a significant

number of climate-related measures. There is a high concentration within ten Members which account for approximately 70% of the climate-related measures. United States, (1,124), followed by the European Union (779), China (316), Australia (184), Canada

Climate-related measures notified per WTO Agreement or provision (2009- 2019)

Agreement	Number of measures	Share (%)
Subsidies and Countervailing Measures	1961	45.0%
Technical Barriers to Trade (TBT)	1576	36.2%
Agriculture	331	7.6%
Import Licensing Procedures	266	6.1%
Quantitative Restrictions (GATT Art. XI)	141	3.2%
Government Procurement	34	0.8%
Trade Facilitation	10	0.23%
State Trading	9	0.21%
General Agreement on Trade in Services	8	0.18%
Safeguards	8	0.18%
Customs Valuation	3	0.07%
Trade-Related Aspects of Intellectual Property Rights	3	0.07%
Sanitary and Phytosanitary Measures (SPS)	2	0.05%
Regional Trade Agreements	2	0.05%
GATT Article XVIII, Section C	1	0.02%

Source: WTO Secretariat based on the WTO's Environmental Database (EDB).

(150), Japan (146), Chinese Taipei (89), Chile (79), Thailand (72) and Ecuador (69) are the Members with the most climate-related measures[3].

e) The EDB data also shows that technical regulation or specifications, followed by grants and direct payments were the most common types of measures or instruments notified by Members, followed by conformity assessment procedures and tax

[1] https://www.wto.org/english/news_e/news21_e/clim_03nov21-4_e.pdf
[2] https://www.wto.org/english/news_e/news21_e/clim_03nov21-1_e.pdf
[3] Source: WTO Secretariat based on the WTO's Environmental Database (EDB).

concessions. When grouped and analysed based on the 2019 International Classification of NTMs, the data shows that 53% of the notified climate-related measures fall under the category Subsidies and other forms of support (Chapter L), followed by 36% Technical Barriers to Trade (under Chapter B), and 9% non-automatic import licensing, quotas, prohibitions, quantity-control measures and other restrictions (Chapter E).

f) Trade in renewable-energy goods has seen a steep increase in recent years. Exports of wind-energy goods increased 14-fold between 2000 and 2019. Global exports of hybrid and electric cars increased by almost 60% in 2019. Exports of solar-energy powered goods and related products have doubled since 2005. World exports of wind turbines, including parts and accessories, grew on average by 15% per year between 2000 and 2019, rising from US$ 505 million to US$ 7,270 million. New sources of renewable energy are being invented along with improvising the existing technologies in renewable energy generation, storage, distribution and linking it to grid lines. Newer service models are developing across products and across regions, making the service offering highly customized and thereby adding to complexity of standardization, which is one of the main hinderance in global standards in renewable energy. Due to limited access to latest technologies for production, storage and distribution there is a monopoly of few nations who have cartelised their hold on raw precious minerals, materials, intellectual rights on technology as well as trade. These nations are using their geographical as well as technological advantage for purposes other than meeting the objectives set in Paris Climate change convention.

Top 10 types of climate-related measures notified by the WTO Members

Harmonized types of measures EDB	Number of measures	Share (%)
Technical regulation or specifications	1463	33.6%
Grants and direct payments	1170	26.9%
Conformity assessment procedures	607	13.9%
Tax concessions	585	13.4%
Import licenses	295	6.8%
Loans and financing	278	6.4%
Countervailing measure/ investigation	201	4.6%
Ban/Prohibition	173	4.0%
Non-monetary support	143	3.3%
Export licenses	77	1.8%

Source: WTO Secretariat based on the WTO's Environmental Database (EDB).

Globally, according to the latest estimates, carbon dioxide (CO2) emissions associated with the production and distribution of traded goods and services (8 billion tons) constitute a quarter of total global emissions (32

g) However, there is also a widening gap in the intent and action of the Developed nations towards Climate Change. Developed countries (especially EU nations, US, Japan, China etc.) have contributed differently to the accumulation of CO2 emissions and that those countries most likely to be affected by climate change (LDCs and developing nations) would be those least responsible for it. Free riding and climate fairness are the two main issues behind the difficulties in reaching meaningful international agreements on reducing emissions. There is a concern within the least developed countries & developing nations like India that Carbon Tax would become a technical barrier to global trade. They believe that Carbon Border Adjustment Mechanism (CBAM) is inconsistent with the World Trade Organization's measures designed to prevent importing countries from discriminating against particular exporting countries. The international community needs to ensure that the climate change agenda shouldn't transform into a reason to further raise non-tariff barriers.

Importance of Carbon Border Tax and CBAM in bilateral trade discussion in FTA finalisation European Parliament's resolution: "A WTO-compatible EU carbon border adjustment mechanism (CBAM)" has a stated goal to avoid weakening of the European Union's efforts to reduce GHG emissions by non-European Union countries with less ambitious policies and regulations. The CBAM will affect exporters to the EU in sectors with a high risk of carbon leakage according to CO2 content embedded in their products. The resolution stresses that the CBAM should consider both direct and indirect emissions i.e., it should also consider the country-specific carbon intensity of the electricity grid. More recently, the RTA between the EU and the United Kingdom requires each party to have in place an effective system of carbon pricing. The agreement also calls on the parties to cooperate on carbon pricing and give serious consideration to linking their respective carbon pricing systems in a way that preserves the integrity of these systems and provides for the possibility to increase their effectiveness

[4] Source: WTO Secretariat based on the WTO's Environmental Database (EDB).

NEWS FROM THE ZONES

Cochin Special Economic Zone - Bangalore Region

1

Export Control Compliance Outreach Event for IT, Aerospace and Defense Sectors in Bangalore

The Directorate General of Foreign Trade (DGFT) collaborated with the Ministry of External Affairs (MEA), Ministry of Electronics & Information Technology (MeitY), Department of Space (DoS), and Customs Department to organize an outreach physical event on 03.03.2023 at Bangalore. The event focused on the export control compliance and regulations for the IT, Aerospace, and Defense production sector, which are subject to export controls under the Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET) list. The Aerospace and Defense Production sector is an emerging sector in Karnataka State, making it an appropriate location for the event.

During the session, a welcome address was given by Sri H D Lokesh, ITS, Jt. DGFT, Bangalore. Special remarks were made by Shri Santhosh Kumar Sarangi, IAS, and opening remarks were given by Ms Muanpuii Saiawi, IFS, Jt. Secretary, MEA, Shri M Subramanyam IRS, Jt. Secretary (Enterprises, Policy & Legal, Dept. of space), Dr Sandip Chatterjee, Sr. Director, MeitY, Shri K Balamurgan IRS, Commissioner of Customs, Bangalore, and Shri Meetul Kumar, Scientist, Directorate of International Co-operation, DRDO, Bangalore. The session also included an interactive question and answer session, with responses from Shri Santhosh Kumar Sarangi, IAS, Ms Muanpuii Saiawi, IFS, Jt. Secretary, MEA, Shri Nitish Suri ITS, Joint DGFT(SCOMET), DGFT HQs, and Shri K Balamurgan IRS, Commissioner of Customs, Bangalore. The event concluded with a vote of thanks delivered by the Jt. DGFT, Bangalore.

The highlights of the session on SOCMET are enumerated as detailed below:

The session on SCOMET, which stands for Special Chemicals, Organisms, Materials, Equipment and Technologies, provided an overview of the items that fall under this category, including dual-use goods, chemicals,

software, and technology with both civilian and military applications.

The session highlighted that brokering, transshipment, and exports of these items are regulated and either prohibited or permitted under authorization, with prohibition being based on country, product, organization, or individual. The policy background of SCOMET was discussed, which includes honoring commitments to international peace and disarmament, enabling Indian exports to become part of global supply chains, aligning with multilateral export control arrangements and conventions, and the need for uniformity in multilateral export control regimes. Additionally, historical events such as the use of chemical weapons by Iraq against Iran in the 1980s and India's nuclear test of 1974 were cited as examples that underscore the importance of SCOMET regulations.

The Policy Provisions of SCOMET

Category	Scomet Items	Licencing Jurisdication
0	Nuclear & nuclear-related materials, equipment and technology	DAE (Dept. of Atomic Energy)
1	Toxic chemical agents and other chemicals	DGFT (Directorate General of Foreign Trade)
2	Micro-organisms, Toxins	DGFT (Directorate General of Foreign Trade)
3	Materials, Materials Processing Equipment and related Technologies	DGFT (Directorate General of Foreign Trade)
4	Nuclear-related other equipment and technology not controlled under Category '0'	DGFT (Directorate General of Foreign Trade)
5	Aerospace systems, equipment, including production and test equipment, and related technology	DGFT (Directorate General of Foreign Trade)
6	Munitions List	DDP (Dept. of Defence Production)
7	Reserved DGFT	DGFT (Directorate General of Foreign Trade)
8	Special Materials And Related Equipment, Material Processing, Electronics, Computers, Telecommunications, Information Security, Sensors And Lasers, Navigation And Avionics, Marine, Aerospace And Propulsion	DGFT (Directorate General of Foreign Trade)

All though, SCOMET stands for Special Chemicals, Organisms, Materials, Equipment, and Technologies. It is a list of items that are controlled for export by the Government of India because they have potential military applications. The SCOMET list includes a wide range of items, such as chemicals, biological agents, dual-use technologies, and specialized equipment. It also includes used items, non-controlled items containing controlled components, and technology required for the development, production, or use of SCOMET items.

Export of SCOMET items is subject to strict licensing requirements, and any person or company found exporting these items without proper authorization can face severe penalties, including imprisonment and fines. The licensing procedure involves submitting an application to the Directorate General of Foreign Trade (DGFT), which is reviewed by the Inter-Ministerial Working Group (IMWG), comprising various agencies such as MEA, DDP, DoS, Dept of Chemicals & Petrochemicals, DRDO, NACWC & Cabinet Secretariat. The validity of an export authorization is 24 months, and SCOMET license holders must maintain records for 5 years.

Enforcement of SCOMET regulations is carried out by various agencies, including Indian Customs and the DGFT. Customs uses a risk management system to identify probable SCOMET items, and the Focus Group on SCOMET coordinates efforts among various agencies to enforce SCOMET regulations. The penalties for violating SCOMET regulations are severe and can include imprisonment, fines, and suspension or cancellation of the Importer-Exporter Code (IEC).

Capacity Building Program on G20, Free Trade Agreements in Bangalore

On January 10, 2023, a Physical Capacity Building Program was held at Brigade Tech Park SEZ in Whitefield, Bangalore. The event was organized in collaboration with BDO Pune, WTC Bangalore, and Sri Chowdeshwari Logistics, Bangalore, with guidance from Sri K K Pillai, RGC Chairman CSEZ, and Sri Naveen Kushalappa IRS, Jt. Development Commissioner CSEZ.

During the program, Sri K K Pillai RGC Chairman and Sri Krishna Barad of BDO Pune delivered lectures on the G20 meetings and the Australia-India Free Trade Agreement, and the upcoming "Development of Enterprise & Service Hubs (DESH) Bill 2022," respectively. An interactive session also took place, during which Customs integration with ICEGATE was discussed by Sri A S Naveen Kushalappa IRS, Joint Development Commissioner, CSEZ, Bangalore.

The highlights of the speech made by Sri Krishna Barad of BDO, Pune on the topic "Proposed-DESH BILL,2022" brought out below for the advantage of EPCES member fertinity:

- Key objectives of Special Economic Zones (SEZ) were highlighted, including generating economic activity, promoting exports, investment, employment, and infrastructure development.
- Challenges faced by the SEZ framework led to the formation of the SEZ Policy review committee under Baba Kalyani.
- The review committee was tasked with evaluating the SEZ policy and making it WTO compatible, maximizing

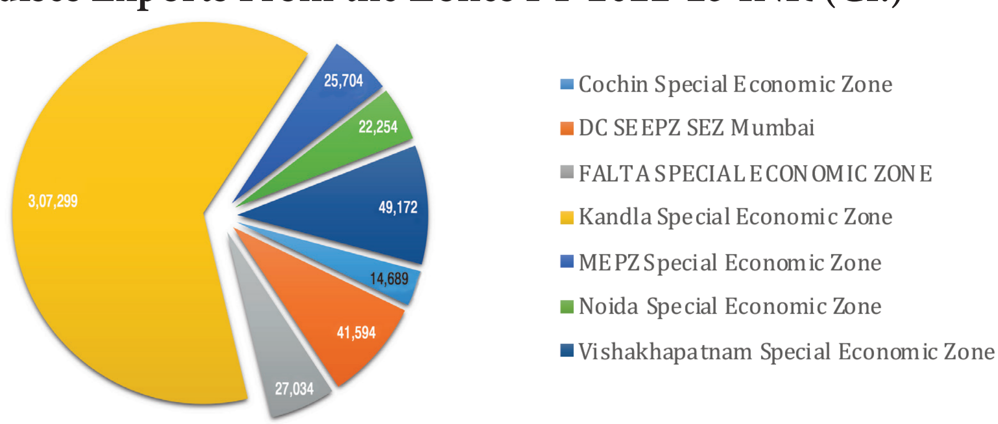
land utilization, suggesting policy changes based on international experience, and merging SEZ policy with other government schemes.

- The proposed DESH legislation is expected to provide infrastructure status to units under DESH, with easy access to financing, provisional approvals, flexibility to work from home, and a negative list of authorized operations.
- States may offer additional incentives to promote DESH units, and reduced corporate tax benefits may be extended to DESH units.
- Tax implications include upfront customs duty exemption, exemption from GST on domestic procurement and income tax benefits.
- However, DTA clearance from DESH may attract customs duties, and DTA equalization levy may be imposed in addition to customs duty on inputs.

The SEZ Act, 2005 and the proposed DESH Bill 2022 have similarities and differences in terms of their provisions. Both Acts permit setting up units in dedicated zones/ corridors and provide exemptions from customs duty on imported/exported goods and services. However, there are also notable differences between the Acts.

- *The SEZ Act, 2005 had a Board of Approval to supervise its implementation, while the DESH Bill 2022 proposes an Integrated Development Hubs Board. The SEZ Act, 2005 mandated maintaining positive net foreign exchange for a cumulative period of five years, while the DESH Bill 2022 does not have such a requirement but instead focuses on growth and employment.*
- *The SEZ Act, 2005 required payments towards supply to Domestic Tariff Area (DTA) units to be in foreign currency, while the DESH Bill 2022 does not have such a mandatory payment requirement in foreign exchange. The SEZ Act, 2005 required manufactured goods by sub-contracted units to be exported, while the DESH Bill 2022 may permit DTA sales as well.*
- *The SEZ Act, 2005 provided exemptions, concessions, and drawbacks to every developer and unit in SEZ, while the DESH Bill 2022 provides exemptions from payment of taxes or duties or cess under certain specified enactments. Both Acts allow for drawback or other benefits on goods or services received from DTA to carry out authorized operations.*
- *The SEZ Act, 2005 required any goods removed from a SEZ to DTA to be chargeable to applicable duties of customs, while the DESH Bill 2022 requires any goods removed from a Development Hub to DTA to be chargeable to applicable duties of customs on the imported inputs contained in such goods.*
- *Finally, the SEZ Act, 2005 provided for a civil dispute to be settled through arbitration, while the DESH Bill 2022 requires commercial disputes to be referred to mediation for settlement. If not settled by mediation, the matter shall be referred to arbitration.*
- *It is important to note that while the SEZ Act, 2005 is already in effect, the DESH Bill 2022 is still in the proposal stage and may undergo changes before it becomes law.*

Marchandises Exports From the Zones FY-2022-23 INR (Cr.)



India's G20 Chairmanship: Priorities and Expectations for Global Economic Leadership

The G20 is a crucial inter-governmental forum consisting of 19 countries and the European Union that deals with major global economic issues such as climate c;hange, sustainable development, and international financial stability. With the inclusion of both developing and industrialized nations, the G20 represents around 80% of the world's gross product, 75% of international trade, two-thirds of the global population, and 60% of the world's land area.

During the session, Sri K K Pillai, Officiating Regional Chairman of CSEZ-EPCES, discussed the G20 and highlighted India's chairmanship in 2023. Despite several global shocks, including the economic aftermath of the Russia-Ukraine war, the looming threat of Covid, supply chain concerns, and tension caused by aggressive Chinese actions, India is uniquely positioned to provide an effective bridge for conversation.

India's upcoming G20 chairmanship is expected to bring a new dimension to global trade and economy, as member countries view India as a politically stable country with steady economic growth. India's ability to sustain itself during the Covid pandemic and the Russian-Ukraine war has demonstrated its message of self-reliance and economic stability. India has also supported many underdeveloped countries in their fight against the Covid pandemic. As the G20 represents 75% of world business and 80% of world GDP, India's chairmanship is expected to have a significant impact on the global economy.

During our presidency, we have identified the three key themes of Covid, Climate, and Conflict as our main focus areas. While capitalist countries are facing challenges, India is striving towards the vision of "One world, one family, and one future" - Vasudhaiva Kutumbakam - which can only be achieved through recognizing the global family, where social diversity is celebrated with equality and dignity. Our priorities at the G20 include environment protection, food security, healthcare, and digitalization. We aim to proactively address these issues instead of reacting to them. The next G20 meeting is scheduled for September 2023 in India, with 43 countries expected to participate. In preparation, an all-party meeting was held on December 5, 2022, to finalize the program with inputs from all parties. We are also hosting the Voice of Global South Summit on January 12-13, 2023, with a focus on unity of voice and purpose, with participation expected from about 120 countries through virtual means. India is the first country

to introduce a digital biometric system through Aadhar, and we are leading efforts for peace and tranquility while the world grapples with economic challenges. We are planning to involve university students as leaders in more than 200 platforms across different villages to promote Vocal for Local and showcase our country's unique products, art, culture, and civilization to foreign representatives.

About the FTA

On November 29, 2022, the Australian Parliament passed the Australian India Economic Cooperation and Trade Agreement (AIEC), which was signed in April 2022. The FTA came into effect on December 29, 2022, one month after approval by the Australian Parliament. Indian Commerce Minister Shri Piyus Goyal announced that the agreement would create 10 lakh new jobs and provide annual visa quotas for yoga teachers and chefs, and work visas for one lakh post-study students. The FTA will also allow duty-free imports of 6000 Indian products, such as gem and jewelry, textiles, leather articles, and food products. This will enable Indian manufacturing and exporting companies to increase their production and exports. Several other FTAs are in the pipeline with countries like Britain, Canada, the EU, the Gulf Cooperation council, and Israel. These agreements are significant in the context of India's upcoming G20 Presidency under the leadership of Shri Narendra Modi ji.

India has been pursuing an aggressive approach towards FTA negotiations to deeply integrate itself with the world's leading economies, which is essential for its global aspirations. The ability to benefit from these agreements will depend on various factors such as good infrastructure and a lower cost of doing business. However, data from the Directorate General of Commercial Intelligence and Statistics shows that India's merchandise exports to countries and regions with concluded FTAs have registered a growth of 20.75% in the last five years.

India's negotiating capacity is crucial to come out ahead in trade negotiations, and the present government has restructured the Department of Commerce to build capabilities and a strong team for effective negotiation. India's presidency of the G20 should provide an opportunity for India to showcase its culture, heritage, stature, and glory to the world. This is especially important as India will be the most populous country and the third-largest economy by the end of this decade, with its human resources critical for the global economy of 2030 in a world dominated by Artificial Intelligence.

In conclusion, India's participation in FTAs is crucial for its global aspirations, and negotiating bilateral trade deals with imagination is undoubtedly in India's interest. India has a middle ground to bring different parties to the table, and it's time for India to become the voice of the South Globe. With flagship government programs such as Atmanirbhar Bharat, make in India, product-linked incentives, Digital India, and Gatisakti, India is better placed today to leverage the global political and economic climate to become an integral part of the security-driven global value chains.

The event had a total of 125 attendees/participants, which included EPCES member participants from SEZs/EOUs, CSEZ-Bangalore office staff, Joint Development Commissioner, Asst. Development Commissioners, and all Customs Authorized Officers/Specified Officers of SEZs. The event was successfully assisted and moderated by Sri Vivek George, Senior Manager of WTC Bangalore, and fully supported by Sri Madhusudan Rao and his staff of Sri Chowdeshwari Logistics, Bangalore. The event concluded with Sri C U Poovaiah, Regional Director, Bangalore, expressing abundant gratitude towards each attendee/participant.

Cochin Special Economic Zone

2

BIS Awareness Programme-

On 7th January 2023, the EPCES Cochin Regional Office, in collaboration with the BIS, organized an awareness program as part of their 75th Foundation Day celebration at the EPCES premises. The BIS Branch office in Kochi conducted various activities throughout the state of Kerala, including Quality Connection 2.0, engaging over 500 volunteers in a door-to-door campaign and a street play by artists at prominent public spaces in Kochi. The primary objective of these activities was to create awareness among the general public about the BIS ISI Mark, Registration Mark, and Hallmark, as well as the usage of the BIS Care App and website.

Mr. K.K. Pillai, Regional Chairman inaugurating the Awareness Programme

The awareness program was inaugurated by Mr. K.K. Pillai, the Regional Chairman, and included a street play organized by the BIS to educate consumers about the various facilities available to safeguard their interests. The play showcased quality testing, complaint registration, and grievance redressal mechanisms that are available to consumers. Ms. Junitha, the Joint Director, and Mr. Remyth Suresh, the Deputy Director of BIS, provided a detailed explanation of the available provisions. The program was attended by more than 100 participants.

Ms. Supriya, the Regional Director, welcomed all attendees to the program, and Mr. K.K. Pillai, the Regional Chairman, formally inaugurated the awareness program. Mr. Anikumar, the RGC Member, extended the vote of thanks.

Webinar on Amendments in SEZ Rules for Customs Integration on ICEGATE

On 30th January 2023, the EPCES Kerala Region organized a webinar focused on the amendments in SEZ rules for customs integration on ICEGATE. The subject matter experts for the webinar were M/s. Lakshmikumaran & Sridharan. The sessions were led by Mr. P.M. Prabhakaran, Partner and Head of Kochi Office, Mr. Karthik S Nair, Joint Partner, and Mr. Ratan Jain, Partner of LK & S. The webinar was attended by sixty members and was inaugurated by Mr. K.K. Paillai, Regional Chairman.

The webinar aimed to provide insights and updates on the amendments in SEZ rules for customs integration on ICEGATE. The subject experts from M/s. Lakshmikumaran & Sridharan provided in-depth knowledge on the topic and addressed the queries raised by the attendees. The participants were from various industries and sectors, and the webinar helped them to understand the recent changes in SEZ rules and their implications for businesses.

The EPCES Kerala Region organized the webinar to create awareness among the stakeholders about the amendments in SEZ rules and to facilitate a smooth transition to the new regulations. The webinar was a significant initiative towards promoting knowledge-sharing and enhancing the understanding of the new rules among the participants.

Interactive Sessions on Forex and Union Budget 2023 Analysis

On 9th February 2023, the EPCES (Export Promotion Council for EOUs & SEZs) Cochin, and CEPZIA (Cochin Export Processing Zone Industries Association) jointly organized interactive sessions aimed at facilitating knowledge-sharing and awareness on various topics. The event featured discussions on the

SBI (State Bank of India) Foreign Exchange Department, Kerala Metro Rail Limited (KMRL), and a general analysis of the Union Budget 2023.

The event was inaugurated by Shri Bony Prasad Rao, Dy. Development Commissioner, and

was presided over by Shri K.K. Pillai, Regional Chairman of EPCES. The attendees included various dignitaries such as ADCs, Customs Appraiser, etc., and 65 persons participated in the event. Shri Rassal Muhammed, RGC Member, welcomed the faculties and participants, and Shri Francis Xavier, Treasurer of CEPZIA, delivered the vote of thanks.

The SBI Foreign Exchange Department officials presented various facilities available for exporters and importers to protect themselves from the fluctuations of dollar rate variations using the FX Retail app and YONO Business app for business transactions. Mr. Prabhakaran from LK&S

presented an analysis of the Union Budget 2023, and Kerala Metro Rail Limited presented their future development plans related to the CSEZ (Cochin Special Economic Zone) and Info park.

The interactive sessions were organized to provide a platform for the attendees to understand the recent developments and updates related to the discussed topics. The event helped in promoting knowledge-sharing and awareness among the stakeholders, and the discussions facilitated a better understanding of the various initiatives undertaken by the government and financial institutions to support the growth of businesses.

Medical Camp in association with Futureace Healthcare at EPCES Premises

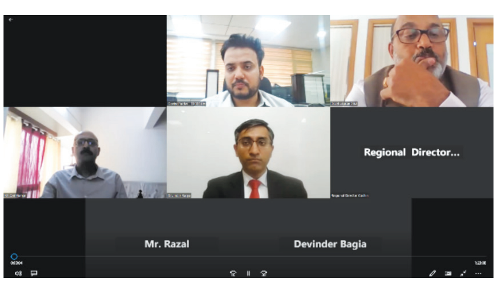
On 2nd and 3rd March 2023, the Export Promotion Council for EOUs & SEZs (EPCES) organized a medical camp in association with Futureace Hospital. The camp was inaugurated by Mr. Pramod, ADC, and Dr. Ashna Hiran gave a brief speech on the available facilities at the hospital. The camp was attended by ADCs and officials from the Development Commissioner's office.

The medical camp aimed to provide medical facilities to the members, and a total of 203 members availed the services provided. Doctors from various specialties such as General Medicine, Ophthalmology, etc. were present to examine the attendees. Due to the overwhelming response and request from the members, EPCES had to extend the camp from the originally proposed one-day program to two days.

The medical camp organized by EPCES aimed to facilitate access to healthcare facilities to the members and promote awareness of the importance of maintaining good health. The initiative highlights the efforts taken by EPCES to support the well-being of its members and encourage the adoption of healthy lifestyles.

Webinar on International Trade Disputes

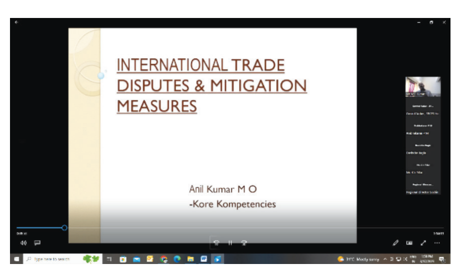
The EPCES Kerala Region organized a webinar on International Trade Disputes & Mitigation Measures, including Trade Barriers, BIS, Anti-Dumping, SCOMET, and other licensing issues. The event was graced by dignitaries such as Mr. Prabhakaran



P.M., Partner and Kerala Head of Lakshmikumaran & Sridharan, and Mr. K.K. Pillai, Regional Chairman of the Kerala Region, apart from EPCES members.

Mr. Anil Kumar M.O., Consultant, International Trade at Kore Kompetenceis, Bangalore, delivered a comprehensive presentation on International Trade Disputes & Mitigation measures. Mr. Devinder Bagia and Mr. Ayush, Partner and Associate Partner at Lakshmikumaran & Sridharan, discussed trade barriers related disputes and other topics in detail.

The faculties' presentations were informative, and the participants were able to comprehend the various provisions required to resolve any disputes, whether financial or quality-related. They also shared safety measures that must be taken care of. As India is entering into FTAs with various developed countries, the exporters and importers need to be aware of the formalities involved while exporting to FTA countries. Mr. Devinder Baiga and his partner covered all aspects in detail. The webinar was attended by 49 members.

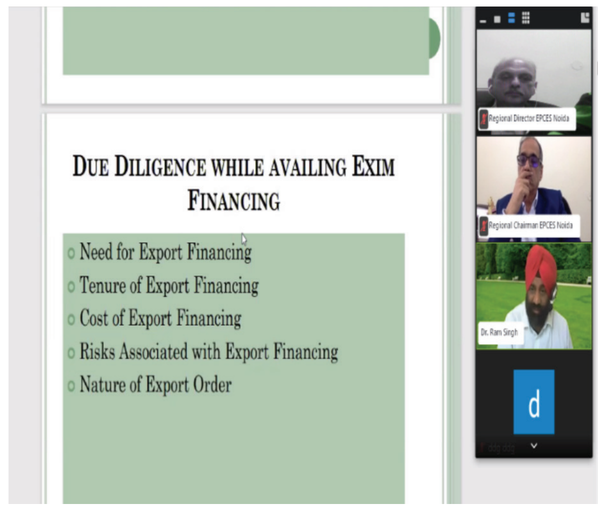


3

Noida Special Economic Zone

Webinar on Leveraging Trade Finance in Export Business - Pre/Post Shipment

EPCES Noida organized a webinar on "Leveraging Trade Finance in Export Business - Pre/Post Shipment" for members of EPCES (North) as part of the Capacity Building program on January 5th, 2023. The webinar had 50 participants. Dr. Ram Singh, a professor at the Indian Institute of Foreign Trade, New Delhi, presented on "Leveraging Trade Finance in Export Business - Pre/Post Shipment." The presentation covered various topics related to Exim financing, such as the history and overview of Exim financing in India, due diligence while availing Exim financing, export financing facilities in India, and pre/post-shipment finance for exports. The presentation also discussed eligibility criteria, appraisal, quantum of finance, disbursement, and interest rates for pre-shipment packing credit under Rupee payment, pre-shipment credit in foreign currency, and special cases of pre-shipment financing. Additionally, post-shipment finance was discussed, including the need for it, post-shipment finance schemes, the gold card scheme for exporters, the period for issuance of gold cards to Indian exporters, and the interest equalization scheme.



Seminar on Authorized Economic Operator (AEO) scheme

Organised by office of Development Commissioner, NSEZ in association with ECPES Noida on 20th February 2023 on Hybrid Mode. 72 Members participate in the Seminar.

EPCES Noida Members Attend Meeting on DESH Bill

A meeting on the DESH Bill was held on January 20, 2022, organized by the DC Office in hybrid mode. The meeting was attended by Shri Vilas Gupta, Ex-Regional Chairman of EPCES Noida and Member of CGC, EPCES, along with RGC Members of EPCES Noida, facilitated by EPCES Noida. The participants of the meeting suggested several improvements for the DESH Bill. These include the removal of the Net Foreign Exchange (NFE) condition, permitting sub-contracting from SEZ Units to DTA Units and vice versa, ensuring that the SEZ Framework is not overly prescriptive, easing the exit process of units from SEZ, doing away with area restrictions for Duty paid dual-use non-processing area in SEZ, which should be in line with local norms/norms approved by SEZ Authority, doing away with area requirements for SEZs, and incorporating exemptions under the IGST Act/RoDTEP Scheme in the New Legislation.

Webinar on Budget Session-

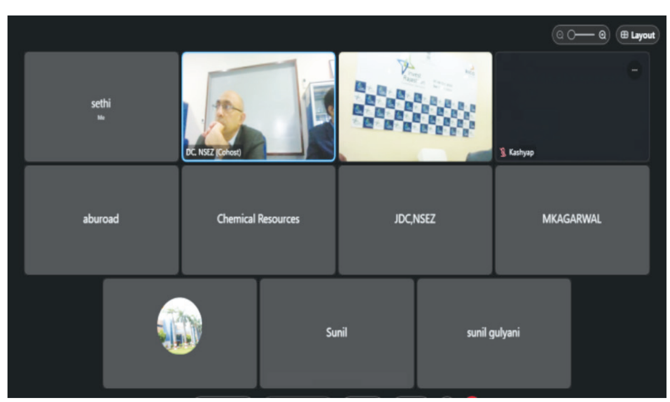
On February 1, 2023, the Development Commissioner Noida office arranged a webinar to discuss the budget and advantages to SEZs with trade representatives at 4:00 PM. EPCES Noida facilitated and generated the participation of its members for the meeting.

Shri. L Satya Srinivasan Visits Noida SEZ

On January 18, 2023, a meeting was arranged by the DC Office with the Additional Secretary, Mr. L Satya Srinivasan, which was attended by Mr. Vilas Gupta, Ex-Regional Chairman of EPCES Noida and member of CGC, EPCES, as well as RGC Members of EPCES Noida. The participation of members was facilitated and generated by EPCES Noida.

4 EPCES Webinar on FTA with Australia and its Benefits for Exporters

A Webinar on "Outreach Programme on FTA with Australia" was organized by the DC Office at Bhiwadi on January 5, 2023, with the facilitation of EPCES Noida, resulting in the participation of its members. The India-Australia bilateral agreement, which came into effect on December 29, 2022, allows for a zero percent import duty on certain goods exported from India to Australia. During the webinar, DC NSEZ Noida presented on the ECTA Agreement, covering various aspects such as rules of origin, waste and scrap rules, changes in tariff classification, value addition, value of originating and non-originating material, issuance of Certificate of Origin, exporter's checklist, digital platform for applying for the Certificate of Origin, and details of duty waiver on various products including chemicals, plastics, leather, wood, paper, textiles, flooring, made-ups, gem and jewelry, steel, copper, lamps, and auto parts and etc.,



Santa Cruz Electronic Export Processing Zone

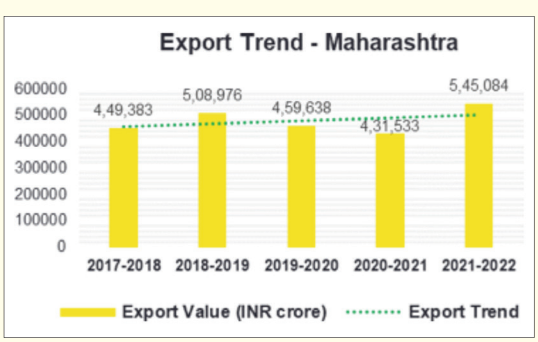
5

Export Promotion Initiatives by Government of Maharashtra

"The target is to make India a five-trillion-dollar economy by 2027. To achieve the goal, Maharashtra will have to achieve a one trillion-dollar economy. To make it happen, a holistic growth focused on agriculture, exports, industries, and infrastructure is essential."

said Honourable Chief Minister of Maharashtra Mr. Eknath Shinde in Maharashtra State Economic Advisory Council's meeting.

Maharashtra has emerged as a leading state in India's export sector, demonstrating sustained growth in its share of global trade through focused export promotion and trade facilitation initiatives. In the fiscal year 2021-22, Maharashtra ranked second among all states in terms of exports, with a total value of INR 5.45 lakh crore, accounting for 17.33% of India's total exports. Between April and December 2022, the state's exports amounted to INR 4.29 lakh crore, representing a growth rate of 8.2% compared to the same period the previous year. Over the past five years, from FY 2017-18 to FY 2021-22, Maharashtra's exports have grown at a Compound Annual Growth Rate (CAGR) of 4.63%. The state has been ranked second in the Export Preparedness Index (EPI) for 2020 and 2021, among all states and union territories, by NITI Aayog.



The state's top ten export products include diamonds, gold jewellery set with diamonds, cane sugar, motorcycles, medicines, refined sugar, vehicle parts and accessories, boneless frozen meat, lab-grown diamonds, and plain gold jewellery. The top ten countries importing from Maharashtra are the USA, UAE, Hong Kong, Belgium, the UK, China, Singapore, the Netherlands, Germany, and Bangladesh. Maharashtra has 37 Special Economic Zones (SEZs) dedicated to exports across various sectors, including textiles and apparel, food processing, footwear and leather products, multi-product, pharma, and IT SEZs. The state also has eight Agricultural Export Zones and is part of the "District as Export Hub" initiative of the Directorate General of Foreign Trade (DGFT), with four districts - Pune, Kolhapur, Ratnagiri, and Nashik - selected for implementation in Phase I.

In 2020, a regulatory framework was established in Maharashtra for export promotion initiatives through the Maharashtra Export Promotion Council (MEPC) at the state level, chaired by the Hon'ble Minister (Industries), and District Export Promotion Councils (DEPCs) in all 36 districts, chaired by the District Collector. The Export Promotion Cell has been set up under the chairmanship of the Export Commissioner and Development Commissioner (Industries) in the State Single Window - Maharashtra Industry Trade & Investment Facilitation Cell (MAITRI) - to assist exporters. The Export Promotion Cell provides guidance to Regional Export officers and District Export Promotion officers, who are designated as Regional Joint Directors (Industries) and General Managers (DIC), respectively, to increase exports at the regional and district levels and ensure that each district is accountable for the state's export growth.

In 2022, the State of Maharashtra launched a web portal called https://mhexport-maharashtra.in/ with the aim of disseminating information to exporters. The portal offers various knowledge resources such as an Export Guidebook, Champion Export Sector Profiles, FAQs, and Key Contacts

of different Export Promotion Councils to facilitate easy and quick reference.

Furthermore, the State has initiated several measures to promote local products and enhance their export potential, such as the One District One Product (ODOP) and Geographical Indication (GI) products promotion at regional and district

levels. Collaborations with local institutions and academia are being pursued to design, package, market, and brand ODOP products to international standards. ODOP gift hampers are being promoted to showcase district-level products at various events, and most railway stations in the State have ODOP stalls for the display and sale of local products.

During the G20 summit, cities in Maharashtra provided ODOP gift hampers to all visiting members. Several stalls were set up in Mumbai to showcase traditional products and unique cultural heritage, with each gift hamper containing products specific to each district of Maharashtra, thus highlighting the State's diverse cultural heritage.

The Export Cell of Maharashtra has developed a District Export Action Plan (DEAP) for all 36 districts of the State, which includes short, medium, and long-term export strategies. The plan identifies diversification export market opportunities for over 400 Export Potential Products. As a next step, the Cell is preparing district-wise annual District Export Strategy Plans (DESP) with specific targets for sector-specific strategies and relevant interventions. The implementation of the DESP is expected to play a crucial role in achieving district-specific export goals and increasing overall exports.

The State conducts the Maharashtra Export Awards annually to recognize and appreciate the outstanding export performance of registered exporters and encourage them to achieve higher export performance in the future. Additionally, the State regularly organizes export promotion events at the State, regional, and district levels.

As part of "Azadi ka Amrit Mahotsav," the Industries Department of the Government of Maharashtra conducted a series of Export Promotion conclaves called Vanijya Utsav. The activities undertaken in Vanijya Utsav included a two-day State-level event, as well as regional and district-level workshops held at regional and district headquarters. The event featured approximately 210 prominent speakers and drew over 2600 attendees from across the State.

Maharashtra District-level Export Conclave was conducted for **ODOP and export promotion** between **September and October 2022** covering all 36 districts of Maharashtra with **over 4000 participants** across the State. The knowledge sharing sessions and presentations by Subject Matter Experts (SMEs) and government department authorities created awareness on various export related procedures and export supporting policies.

Regional level Industrial Investment Summit-2023 was organized for **Investment promotion, stakeholder consultation on policies, Ease of Doing Business initiatives, and Export and ODOP promotion** in the month of February 2023. The information provided in the interactive sessions for various industrial department policies, EoDB initiatives lead to knowledge updation and solutions to the issues faced by the industrialist and exporters.

SEEPZ Hybrid Meeting on DESH Bill: Views on Incentives and Tax Exemptions

A hybrid meeting was organized by the Development Commissioner Office SEEPZ to discuss the DESH Bill, during which participants were directed to submit their views on various aspects, including the exemption of BCD & IGST on the import of RM and CG, exemption of IGST on the import of services, reverse job works, zero-rating GST for manufacturers, supply to DTA on a duty foregone basis, NFE condition, and the nature of incentives regime, such as direct/indirect taxes, PLI, etc. The meeting was attended by DC, JDC, SO, and Senior AO, and more than a hundred participants participated in the event

Development Commissioner SEEPZ addressing the online participants

Webinar by EPCES-SEEPZ highlights benefits of India's FTA agreements with UAE and Australia

EPCES-SEEPZ organized a webinar to discuss the benefits of the FTA agreements between India and UAE/Australia. The event witnessed a significant participation from members of the organization. Mr. Vijay Gujarathi, a CGC member, welcomed the attendees and provided insights into the FTAs introduced by the government, highlighting the advantages it has brought to the unit members. He emphasized that the UAE FTA has already gained momentum from the trade, and Australia shall also reap similar benefits.

The webinar's faculty, Mr. Mihir Shah, who possesses profound knowledge of the subject, delivered a presentation and addressed participants' queries during the occasion. The Regional Director of SEEPZ expressed gratitude to the members for their active participation and encouraged them to suggest topics for future webinars or physical meetings for their benefit. He also thanked Mr. Shah for his elaborate presentation.

A view of the Presentation

Hon’ble CIM Reviews
SEEPZ Redevelopment and Launches New Website

On Sunday, March 5th, 2023, the Hon’ble Union Minister for Commerce and Industry, Piyush Goyal, conducted a review of the redevelopment projects at Santacruz Electronics Export Processing Zone (SEEPZ), Mumbai. During the occasion, the minister also launched SEEPZ’s new website, www.seepz.gov.in, which is equipped with enhanced features to provide a seamless user interface.

The Mega CFC project, which is aimed at enhancing the capacity of the gems and jewellery industry in manufacturing products with cutting-edge technology and providing training and skilling facilities for the same, is one of the key projects initiated by the Department of Commerce. GJEPC serves as the nodal body for running the project, with the objective of boosting exports of gems and jewellery from the country.

6 Vishakhapatnam Special Economic Zone

The Global Investors Summit (GIS)-2023 held in Visakhapatnam

The Global Investors Summit (GIS)-2023 was held in Visakhapatnam, Andhra Pradesh on 3rd March 2023, to showcase the products and initiatives of both the private and public sector companies. The event was inaugurated by Mr. Y.S. Jagan Mohan Reddy, Hon’ble Chief Minister of Andhra Pradesh, and attended by several ministers, senior bureaucrats, and distinguished business leaders, including Mr. Nitin Gadkari, Union minister for road transport & highways, Sri. G.Krishan Reddy, Union Minister for Tourism, and Sri. Sarbananda Sonowal, Union Minister for Ports and Waterways. The event had a panel discussion on industrial and logistics infrastructure, in which Dr. Ravindra Sannareddy spoke, and there were 137 stalls with various products and exhibits, including handicrafts, the Sri City stall, and the HAL stall displaying the latest light combat aircraft and jet aircraft.

The Union Minister for Road Transport and Highways, Nitin Gadkari, has recently announced plans to connect all ports in Andhra Pradesh, including upcoming ones, with four-lane national highways. The government has allocated Rs. 6,300 crore for the development of a 55 km-long National Highway to Visakhapatnam port, and is committed to improving infrastructure with four-lane highways to all major and minor ports in the state. This is seen as a crucial step towards achieving India’s goal of becoming a $5 trillion economy, as Andhra Pradesh has a 975 km-long coast that has enabled the establishment of six major ports with a cargo handling capacity of 240 million metric tons. Furthermore, the state is also set to benefit from three industrial corridors that will be based on port connectivity.

During his visit to the state, Mr. Nitin Gadkari inaugurated 137 stalls in the presence of the Andhra Pradesh Chief Minister and other dignitaries. The pavilion showcased a range of

exhibits, including an AV-based theme design showcasing eight key fields in the state, handicrafts products, and stalls displaying the latest light combat and jet aircraft. The Sri City stall, in particular, highlighted the distinctive features of the business city through digital display boards and scaled-down 3D models. The dignitaries appreciated the uniqueness of Sri City and expressed their admiration for the exhibits.

During a panel discussion on industrial and logistics infrastructure, Dr. Ravindra Sanna Reddy emphasized the importance of good infrastructure for sustainable economic development. He stated that potential investors evaluate the comparative environment offered by different states and that Andhra Pradesh, under the leadership of Sri Y. S. Jagan Mohan Reddy, has created an impact on investors by providing an ease of doing business through investor-friendly

initiatives, proactive policies, a long coastline with major ports, excellent road and rail networks, quality power, a large pool of technically skilled manpower, rich mineral resources, and integrated industrial and business parks. Additionally, Union Tourism Minister Sri. G. Kishan Reddy highlighted the Production-linked Incentive (PLI) scheme as a transformative initiative that will turn India into a global manufacturing hub. The Union Government has allocated over Rs. 2 lakh crore for the PLI scheme, which will be implemented in 14 key sectors, including mobile manufacturing, electronics, food products, pharmaceuticals API, medical devices, batteries, automobiles and components, and technical textiles, as part of India's vision to achieve self-reliance

According to the Union Minister for Ports and Waterways, Shri Sarbananda Sonowal, Visakhapatnam was an important port in ancient India with a rich history of trade and commerce. He also noted that India received a record-breaking foreign direct investment (FDI) of $84.7 billion in the financial year 2022, as per the latest economic survey. Furthermore, since 2014, there has been a 79% increase in cargo handling capacity, and merchandise exports reached an all-time high of $421 billion in the financial year 2022.

The Indian government is committed to attracting global investors by raising investment limits, removing regulatory barriers, developing infrastructure, and improving the business environment. As part of this commitment, the Prime Minister has identified over 110 projects worth approximately Rs. 1.1 lakh crore for implementation under the Sagarmala initiative in Andhra Pradesh. To date, 35 of these projects worth Rs. 32,000 crores have been completed, and 14 projects worth Rs. 2,500 crores are receiving financial support under the Sagarmala scheme.

During the inaugural address at the Andhra Pradesh Investor Summit, Chief Minister Sri. Y.S. Jagan Mohan Reddy highlighted the state's advantages for potential investors. He noted that the state boasts a 974 km coastline, the second-longest in India, six existing ports, and four upcoming ones, making it the gateway to the South East. The state also has a robust infrastructure, with six airports and three industrial corridors passing through it.

Reddy emphasized that Andhra Pradesh is the fastest-growing state in India, with a Gross State Domestic Product growth rate of 11.43% in 2021-22. The chief minister highlighted the four pillars of the state's growth strategy - promotion of green energy, industrial and logistics infrastructure, digitalization, and a skilled and enterprising workforce.

He added that the state has created a conducive ecosystem for industrial growth and has repealed obsolete laws while establishing a one-stop digital platform for approval of domestic and international investors within 21 days. Reddy urged business leaders to engage with the state government and explore the potential of various sectors in Andhra Pradesh.

The government received 340 investment proposals worth 13 lakh crore, potentially creating 6,00,000 jobs on the first day of the summit. On Friday, the government signed 92 Memorandums of Understanding worth 11.87 lakh crore, according to Reddy. He also highlighted that India's current role as a global leader during its G20 presidency provides a great opportunity for the country to attract global investment and technology.

The Global Investors Summit concluded with the signing of 353 Memorandums of Understanding (MoUs) worth 13 Lakh Crore in investments. Sri. V. Ravindara Nath, the Regional Chairman of EPCES, represented the Council at the summit.

EPCES Welcomes Smt. ROSHNI APARANJI KORATI, IAS as Joint Development Commissioner at Visakhapatnam SEZ

EPCES extend a warm welcome to Smt. Roshni Aparanji Korati, IAS, who has recently assumed the role of Joint Development Commissioner at the Visakhapatnam Special Economic Zone. We are delighted to have such an accomplished and distinguished member of the Indian Administrative Service's 2011 batch of the Assam, Meghalaya cadre on board.

Smt. Roshni's experience as Secretary of Agriculture for the Assam government and her numerous accolades, including the Prime Minister's Award for Excellence in Public Administration in 2018, the National Award for PMAY-G from the Ministry of Rural Development, and the Chief Minister's Award for Excellence in Public Administration from the Ministry of Rural Development, among others, make her a valuable addition to our team.

We are confident that Smt. Roshni's expertise and contributions will help advance the progress and development of SEZs, and we look forward to her valuable assistance and support for the Export Promotion Council for EOUs & SEZs.

7

Madras Export Processing Zone

MEPZ DAY CELEBRATIONS – 01-01-2023.

On January 1st, 2023, MEPZ Authority celebrated MEPZ Day to commemorate its establishment on January 1st, 1984. MEPZ has experienced significant growth in terms of exports and employment over the years. EPCES and other associations were invited to the celebration by DC MEPZ. Regional Vice Chairman, CGC Member, and Units were present at the event. Attached photos captured the celebratory atmosphere.

STAKEHOLDER MEETING AT MEPZ SEZ Discusses Proposed DESH Act and Key Issues

MEPZ SEZ recently organized a stakeholder meeting to discuss the proposed DESH Act, which will replace the

current SEZ Act. The meeting, held at CTS Conference Hall in MEPZ, Tambaram, Chennai, was attended by various stakeholders, including associations, unit holders, and developers. Several important issues were discussed during the meeting, including exemptions for BCD and IGST on the import of raw materials and capital goods, exemption of IGST on the import of services, reverse job work, zero-rating of GST for manufacturers, supply to DTA on a duty-foregone basis, NFE conditions, and the nature of the incentives regime, such as direct/indirect taxes, PLI, and others. The meeting was attended by the Regional Chairman, Vice-Chairman, CGC Member, Regional Director, and unit holders, with around 300 members in attendance.

VSEZ and EPCES Celebrate International Women's Day with Recognition of Women Achievers

In commemoration of International Women's Day on March 8th, VSEZ, in association with EPCES, organized a celebration at the VSEZ administrative building in Duvvada. The event aimed to recognize and encourage women who have excelled in various fields. During the ceremony, female employees and Smt. O.Phani, the Deputy Development Commissioner of VSEZ, symbolically distributed floral bouquets and sweets to the outsourcing women employees of Visakhapatnam Special Economic Zone.

EPCES and HCC Awareness Program on Schemes and Benefits for MSMEs

The Hindustan Chamber of Commerce in association with EPCES Mepz office jointly organized an awareness program on various schemes and benefits for MSMEs on January 7th, 2023, at Kothari Memorial Hall, Greams Road, Chennai. The program was attended by more than 75 members, and it aimed to provide insights into the available government schemes and benefits for MSMEs.

Mr. Ravi Gadde, IEDS, Joint Director, MSME Development Institute, Government of India, addressed the program, explaining the different schemes available for MSMEs and the application process for them. Mr. Krishnan Teja P, Chief Strategist, The Business Company, spoke about business development through e-commerce.

The program served as an opportunity for MSMEs to gain valuable knowledge about the available government schemes and benefits for their business growth. Such initiatives are critical for MSMEs to gain a competitive advantage and sustain growth in a dynamic business environment.

Decoding Union Budget 2023-24:
Insights and Implications for Industries - A Joint Event by EPCES and WTC

On 14th February 2023, EPCES and WTC jointly organized an in-person event named "Decoding the Proposals of Union Budget 2023-24" at Holiday Inn Chennai. The event aimed to provide a comprehensive

overview of the proposals of the budget and its implications to the members. The event witnessed the presence of more than 150 members. Dr. CMA V. Murali, a Central Council Member of the Institute of Cost Accounts of India, provided a general perspective on the implications of the budget for the public and industries. Mr. Raghunathan Parthasarathy and Mr. Balachandar, Partners at BDO, discussed the analysis of the budget and its implications.

EPCES and DC MEPZ Host Open House for EOU Units

On March 14, 2023, the DC MEPZ organized an Open House and Joint Review Meeting for EOU units under the Chennai and Trichy Commissionerate at Hotel Hablis, Guindy. The event was attended by more than 125 members, including the Regional Vice Chairman, CGC Member Mr. Dhinesh, and the Regional Director. During the meeting, various issues facing the trade community were discussed, and the DC informed the attendees that he would arrange sector-wise Open House meets frequently.

Out of the 135 units, 95 units (125 members) participated in the program. The DDC welcomed the participants, including Units, Customs, DC, MEPZ officials, and EPCES. Shri Manoharan, Regional Vice Chairman of EPCES, briefed the attendees on the role of EPCES in promoting trade and representing various trade-related issues to the Ministry and other forums. Shri Dinesh Vardarajan, Former Regional Chairman of EPCES, also addressed the gathering and highlighted the difficulties faced by EOU members in the implementation of the EOU Scheme.

Following this, Shri. Alex Paul Menon, IAS, Development Commissioner, reviewed the performances of EOUs for the year 2021-2022 in line with the Foreign Trade Policy 2005-2020. The review was based on the C.A. certified APRs submitted by the units and conducted on various parameters such as the performance of working units, APR defaulters, units failing to achieve positive NFE, and non-functioning units. The Top Three Exporters who had performed exceptionally well for the year 2021-22 were congratulated by the Development Commissioner.

During the Open House Session, several concerns were raised by different units, which were subsequently addressed by the relevant authorities. Which are as follows-

- Allison Transmission inquired about frequent open examination of FCL by Customs, and the Commissioner of Customs recommended AEO Certification.
- Sundaram Fasteners raised the issue of stoppage of MEIS benefits, and were informed that the government has not extended MEIS benefits after 2019-20 but may come up with other benefit schemes.
- Precision Hydraulic raised concerns about manual filing of APR and QPR, and the DC suggested a Google sheet would be circulated for data entry.
- L.H. Exports inquired about Customs holding Bank Guarantee and were informed that they do not hold any Bank Guarantee unless there are pending cases.

- Gem Granites raised concerns about quarries in Tamil Nadu not being operated due to environmental issues and clearance, and were advised to submit a representation to the TN Government.
- Adam Quartz inquired about their pending final exit, and the DC asked ADC (TS) to take necessary action at the earliest.
- Oxair Pressure sought information on how to get GST refund, and the Supdt. Cuddalore explained the procedure to the unit.
- Orchid Pharma raised concerns about Annexure-III not being accepted in Vizag and Cochin SEZ

Port, and were advised to submit a representation to the concerned authorities

The Development Commissioner reviewed the key issues and suggestions raised by the EOU members, requesting the Customs team to address them and communicate the solutions clearly. The Customs team informed that the procedure for Customs Duty Payment has already been implemented in the jurisdictional office. The meeting ended with the Development Commissioner congratulating the EOUs for their active participation and performance, and announcing that future EOU review meetings will be analyzed by sector-wise. The DC also thanked the Commissioner Customs Chennai, Addl. Commissioner (Preventive Customs), Trichy, and other dignitaries for their participation in the joint review monitoring and open house meeting of 2021-22.

EPCES Conducts Open House Meet for Members in Madurai on March 24, 2023

At a recent gathering, approximately 50 units, consisting of 90 members, participated in a program organized by the Development Commissioner of MEPZ. The attendees comprised representatives from various sectors, officials from Customs, MEPZ, and other government bodies, including office bearers and Governing Council members of EPCES. The Regional Vice Chairman of EPCES, Shri Manoharan, delivered a briefing on the organization's role in promoting trade and representing various trade-related issues to the Ministry and other forums.

Following this, the Development Commissioner, Shri. Alex Paul Menon, IAS, conducted a review of the performances of Export Oriented Units (EOUs) for the year 2021-2022. The review was based on the C.A. certified Annual Performance Reports (APRs) submitted by the Units and covered various parameters such as the performance of working Units, APR Defaulters, Units failing to achieve positive Net Foreign Exchange Earnings (NFE), employment, and Non-functioning Units. The Development Commissioner lauded the Top Three Exporters who had performed exceptionally well during the year.

Additionally, the Development Commissioner informed the attendees that MEPZ had already sent written communication to customs offices regarding the non-functional Units and requested them to update the status of those Units. After receiving a suitable response, MEPZ will initiate necessary action for the closure of non-functioning Units. The Development Commissioner further announced that Area Officers (AOs) would be given additional charge to take care of EOU units apart from SEZ Units, and their performance would be reviewed during AO's meeting. He also announced that sector-wise meetings would be conducted by MEPZ in the near future.

Furthermore, the Development Commissioner informed the participants that the DC's office is currently developing a standardized template for the APRs to be submitted by the EOU Units. This template will be circulated to the Units in April 2023. He also announced that the DC's office, in collaboration with EPCES, will arrange industry-wise/ sector-wise open-house meetings and buyer-seller meets to foster more business opportunities for the trade community.

In his closing remarks, Shri Alex Paul Menon, IAS, Development Commissioner, congratulated all the EOUs who had performed exceptionally well and actively participated in the meeting. He expressed his gratitude towards the Assistant Commissioner Customs, Trichy, and other dignitaries who had attended the joint review monitoring and open-house meeting of the year 2021-22. The meeting concluded on a positive note with a shared commitment to continued growth and success in the trade sector.

ISSUES TAKEN UP WITH GOVERNMENT

S. NO	SUBJECT	DETAILS	STATUS
1	RoDTEP to cover SEZ and EOUs	SEZs and EOUs should also be covered RoDTEP	RoDTEP Committee has submitted its recommendation. Government decision is awaited
2	Early Enactment of DESH Bill or reforms through minor amendments in the existing SEZ Act and SEZ Rules (a) SEZ to DTA and vice versa unrestricted jobwork (b) Payment in INR for sale of services to DTA (c) no export duty on goods supplied from DTA to SEZs (d) Sale of goods from SEZ to DTA on duty foregone basis	DESH Bill announced in Budget Speech should be enacted at the earliest as its announcement has created policy uncertainty. Rather than enacting a new Act (DESH) which may take some time, some reforms can be introduced by amending the present SEZ Act and Rules : • Unrestricted job work between SEZ and DTA both ways. (amendment in existing Rules 41, 42 and 43) • Payment in INR for Sale of Services to DTA (Amendment in Sec 2 (z) of the existing Act) • No export duty on supply of goods to SEZ (amendment in Rule 27(1) of existing SEZ Rules). • Sale from SEZ to DTA on payment of duty benefits availed on inputs used in manufacturing of such goods (amendment in Act. Allowed in EOUs and MOOWR). This will promote manufacturing in India as SEZs are very much part of India.	Letter to CS dated 1.1.2023 EPCES has requested Commerce Secretary and other officers on 1.1.2023 for early enactment of DESH Bill. It has also requested that pending that, reforms where there is consensus between DoC and DoR may be undertaken through amendments in the existing SEZ Act and Rules.
3	Co-existence of DTA units in SEZs / Partial De-notification / deboning 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 deboning system where DTA units can operate	It has been learnt that the proposal has been under consideration of D/o Revenue and D/o Commerce
4	Doing away with the requirement for 100% physical submission of services invoices and endorsement by SEZ Specified Office for procurement of services which is against the spirit of Ease of Doing Business and adds to compliance burden.	1. The subject pertains to the requirement of an endorsement by an authorized officer under SEZ Rule 30(4), indicating that the goods have been fully admitted into the SEZ. In addition, according to the CGST Act and Rules (Section 54 read with Rule 89), suppliers of zero-rated supplies of goods and services can only file refund claims if they include the endorsement by the specified officer of the zone in their application. Therefore, the endorsement is a necessary prerequisite for suppliers to obtain a refund of GST. 2. The subject also pertains to the SEZ online platform and its two modules, one for goods and one for services, where SEZ units and developers are required to update procurement details for approval by SEZ officers. The approval granted by SEZ officers can serve as an endorsement, thereby eliminating the need for physical endorsement of each procurement invoice. However, currently, SEZs are insisting on manual endorsement	Letter to CS, Dated 02.08.2021 Letter to JS , Dated 02.08.2021

S. NO	SUBJECT	DETAILS	STATUS
		of every goods and service procurement invoice, despite the introduction of an end-to-end online compliance module on the SEZ online platform. This requirement appears impractical and presents significant compliance challenges for SEZ units and developers. In contrast, even during the Service tax regime when the SEZ online platform was not entirely functional, compliance requirements through Form A-1, A-2, and A-3 were more straightforward and less time-consuming.	
5	Difficulties faced by IT/ITES companies in SEZ for de-bonding of used laptops and other electronic goods into the Domestic Tariff Area (DTA)	At present because of SEZ Rule 34 (iv) and Rule 47, and due to provision of Para 2.17 of the FTP, import authorisation is being insisted for the disposal of laptops and other electronic goods. These goods were imported and were used by the SEZ units for quite some time and now because of different reasons (units deciding to exit from SEZs, obsolescence, etc.), SEZ units wants to dispose them in DTA. First of all, it is not clear as to who will issue import authorisation to a SEZ unit - A DGFT or Development Commissioner, SEZ. However, even if that is clarified, the process of obtaining import authorisation is tedious as NOC from M/o Electronics and Information Technology and D/o Telecommunications are asked for which remain pending for a long time.	Letter to AS, JS on 13.12.2022
6	The inclusion of "Transport of Goods in Vessel" as default Authorised services for units in SEZs as requested by the Kandla SEZ Industries Association so that SEZ units may continue to avail zero-rated supply of services without paying IGST.	The representation received from the Kandla SEZ Industries Association.. This is required in view of the exemption from IGST on "Transport of Goods in Vessel" (heading 9965) given vide M/o Finance Notification No 7/2021 dated 30.9.2021 not getting extended beyond 30.9.2022.	letter to JS, Dated 14.10.2022
7	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 re-examined 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

S. NO	SUBJECT	DETAILS	STATUS
8	Port restrictions for imports for EOUs and SEZs - Rubber, etc.	Port restrictions in the import policy for import of rubber should not be applicable for SEZs and EOUs Request from M/s Yokohama Off-Highway Tires (YOHT)	Letter to DGFT and AS/ JS(SEZ dated 2.3.2023
9	Request for amendment in Para 6.13(d) of FTP to allow transfer of imported raw material from EOUs to SEZ and DTA units within the same group of companies or subsidiary units.	The request pertains to an amendment in Para 6.13(d) of the Foreign Trade Policy (FTP) related to sourcing of inputs centrally by a group of Export Oriented Units (EOUs). Currently, EOUs can source inputs centrally, but transfers to group Special Economic Zone (SEZ) units or group Domestic Tariff Area (DTA) units are not permitted. The request is to allow transfer of imported raw material (in as is form) from EOUs to SEZ and DTA units within the same group of companies or subsidiary units.	Letter to DGFT, AS, JS dated 03.03.2023
10	Request for Exemption from Registration Certificate/Import Permit for Import of Boric Acid for Export-Oriented Manufacturing in SEZ".	M/s Dorf Ketal Chemicals(I) Pvt Ltd, located in Adani Mudra SEZ has requested exemption from the requirement of registration certificate/import permit for the import of Boric Acid, which is a raw material for their process chemicals exclusively for export purposes. The following may be considered: (a) exemption from the provision of registration certificate/import permit as they are located in an SEZ and will use the entire imported Boric Acid for 100% exports, (b) delegation of power to issue registration certificate/import permit to the Development Commissioner of the SEZ who is a class I officer from Indian Trade Service, or (c) making the process of issue of import permit/registration certificate time-bound and online to improve Ease of Doing Business.	Letters sent to Secy (CIB&RC), Secy (A&FW), AS (sez) and Js, DoC, dated 23.03.2023
11	Waiver of the MIP condition on rejects/ substandard waste goods transferred to DTA,	M/s Pokarna Engineered Stone Limited, a SEZ unit and EPCES member, is facing problems disposing of substandard grade slabs generated during the manufacturing of export quality slabs due to the MIP restriction of US$50 per square meter in the import policy. They have accumulated 16,020 substandard grade slabs and have requested a waiver of MIP, as well as the removal of the MIP of US$50 per sqm. in so far as it relates to sale by SEZ/EOU in domestic tariff area. They argue that MIP should not be applicable for SEZ/EOUs transferring goods to DTA, as these goods have been manufactured in India in SEZ/EOU and are of substandard quality. Earlier, their request was considered and approved by the PRC.	Letter sent to DG DGFT on 17.03.2023
12	Request for Nomination of Elected Members of EPCES as Ex-Officio Members of SEZ Authority for Better Representation of SEZ Units/Entrepreneurs".	The EPCES has requested that two elected members, representing SEZ units of the zone/region, be nominated as ex officio members of the Special Economic Zone Authority, as per Section 31(5)(d) of the SEZ Act. EPCES represents the interests of SEZ units, SEZ developers and Export Oriented Units, with more than 5300 members, and total exports of goods and services from EOUs and SEZs were recorded at US $151.69 Billion in FY 2021-	Letter sent to Secy Commerce, AS (SEZ), JS, Dated 23.03.2023.

S. NO	SUBJECT	DETAILS	LETTER NO AND DATE AND STATUS
		2022. This will improve the representation of SEZ units/ entrepreneurs in the functioning of the SEZ Authority.	
13	Regulatory Requirement for import/export of drugs in cases of SEZ/ EOUs	Following clarifications are needed in respect of SEZs and EOUs (a) NOC for exports on every drug consignment required or not (b) import registration or authorisation required or not for import of drugs Request from M/s Syngene International Limited,	Letter to DCGI and AS/ JS(SEZ), DGFT dated 2.3.2023
14	DGFT Notification No 1/2015-20 dated 29.4.2022 making the import policy of ITC (Import Trade Control) (Harmonised System(HS)) codes 71123000, 71129100, 71129100, 71129910, 71129920, 71129990 (waste, scrap, dust, sweepings of gold, silver, precious metals, etc.) from free to Restricted. This has created problems for the G&J units in SEZs (specially SEEPZ) as the SEZ Customs is not allowing to clear Gold dust from SEZ to DTA on payment of customs duty without any authorisation from DGFT.	It pertains to the import of goods from foreign countries and its relation to the supply of goods from Special Economic Zones (SEZs) to the Domestic Tariff Area (DTA). Paragraph 2.33 of the Foreign Trade Policy (FTP) states that SEZ units/developers/co-developers are permitted to dispose of waste or scrap, including metallic waste and scrap, generated during manufacturing or processing activity, in the DTA without authorization by paying the applicable customs duty. Additionally, SEZ Rule 47(1)(b) specifies that the DTA sale of rejects, scrap, waste or remainders arising during the manufacturing process or related activities by the unit shall not be subject to the provisions of Import Trade Control (HS).	Letter to CS on 25.7.2022 Letter to JS on 25.7.2022
15	Problem faced by Free Trade Warehousing Zone in supplying goods stored by them on behalf of their Foreign Clients to Nepal	Some Free Trade Warehousing Zone member of the EPCES (Onn Synex Ventures Pvt Ltd, Gurgaon and Arshiya Ltd) regarding problems being faced by them in supplying goods stored by them on behalf of their foreign clients to Nepal. Copies of their representations are attached. The problem is that even though the goods stored in FTWZ are off or eign origin, held/ owned by foreign companies and have technically been not brought to India, the same are still not being able to be shipped to Nepal by Road. Indian unit in SEZ are able to send goods to Nepal however Indian importers who have held foreign goods in FTWZ are not ables end the same despite following the prescribed procedures in Customs Notification No. 45 dated 13-2-1963 which permits export of such goods against irrevocable Letter of Credit. The major problem being the acceptance of goods from Nepal side.	Letter to Chairman CBIC on 25.7.2022 letter to DG D GEP on 25.7.2022 Letter to JS on 25.7.2022

INDIRECT TAXES AND TRADE POLICY QUERIES RAISED BY
EPCES MEMBERS - JANUARY TO MARCH 2023

S. No.	Details of EPCES Member	Query from Member	Response by Grant Thornton
1	Jayesh R Raisinghani	We request your kind help to share the relevant regulation under which the export invoice is required to be submitted as a proof of export, along with intimation for commencement of business operation.	Please note that as per Rule 19 of Special Economic Zones Rules, 2006, the unit is required to intimate the date of commencement of production or activity to the Development Commissioner. Further, commencement of activity operations for a service unit can be identified through its first tax/export invoice and compliances filed for the same. Accordingly, SEZ units submit copy of first tax invoice with the DC office as a supporting document for intimation of commencement of activity.
2	"Rajesh Sankaran AVP– EXIM Dorf Ketal Chemicals (I) Pvt. Ltd."	"We require Boric Acid as raw material for manufacture of process chemicals and it will get 100% exported. To import a Boric Acid, importer require an import permit from Central Insecticide Board Faridabad as per ITC HS code classification. Copy of ITC HS attached. To avail import permit from them is a very lengthy and time consuming process. Due to this issue it is hampering our production / export process. As our plant is in SEZ unit, and we are going to consume the Boric Acid for manufacturing of a chemical which we are going to export 100%. Can we apply for permission with Mundra SEZ DC instead of getting import permit from CIB office Faridabad. Is permission from SEZ DC office will be enough? Pls advise."	" We understand that the unit is engaged in manufacturing and export of chemicals and wish to know whether permission of Central Insecticide Board is required or only permission from DC office will suffice for importing Boric acid. In the above backdrop, it is to be noted that permission from Central Insecticide Board (Faridabad) is required for importing said chemical for non-insecticidal purposes. Further, obtaining board approval for specific goods are an additional statutory compliance to SEZ compliances undertaken by SEZ units and cannot be substituted by each other. Accordingly, taking permission only from the DC office may lead to non-compliance of importing said chemical at board level."
3	"Nischil GIFT SEZ"	What is considered as commencement of business for unit registered in GIFT City SEZ whether operational activities are considered as commencement or whether first sale is considered as commencement of business. Also, what	

S. No.	Details of EPCES Member	Query from Member	Response by Grant Thornton
		regulations / provision of SEZ or IFSC provides for such commencement of business.	"We understand that the unit is registered in GIFT City SEZ and wishes to know whether commencement of operational activities or first sale is considered as commencement of business. In the above backdrop, it is to be noted that date of commencement of business is construed by SEZ authorities on successful completion of: - Issuance of first services export invoice; and - Filing of first online SEZ monthly return."
4	"Prakash Thakur GIFT SEZ"	"The SEZ unit is also required to file: - SERF - Filing of DCP in SEZ online Please advice. Requesting to please send the rule provision."	"In response to the trail mail, we wish to apprise that: - SERF (Service Exports Reporting Form) – SERF module was developed and made effective on SEZ online system from September 2018, by the recommendation of the SEZ Division and Ministry of Commerce and Industry (MoCI). NSDL was requested to implement the same online. SEZ units undertaking export of services are required to file monthly service exports invoices on NSDL portal through monthly reporting of SERF (copy of report issued by MoCI is enclosed for your reference). - Filing of DCP intimation online on NSDL portal is a significant procedural step to be undertaken by newly setup SEZ units, on successful submission of DCP intimation offline with DC office."
5	"Sunny Parekh Ideal Fiscal Services Limited"	"We, Ideal Fiscal Services Limited, are in the business of manufacturing and exporting gold jewelry. We are receiving requests from our overseas buyers to export the gold jewellery to them in Rupee terms instead of US Dollars. In this regard, we would like to seek your opinion/clarification/suggestion on the below mentioned two (03) queries: 1. What shall be Value Addition Norms in case if exports made to Russia are in Rupee terms and the imports of	"We understand that the unit is engaged in manufacturing and export of gold jewellery and wishes to understand the provision related to value added norms in relation to the same. In the above backdrop, it is to be noted that minimum value addition norms for gems and jewellery sector are given in paragraph 4.61 of Handbook of Procedure, which would be calculated as under: VA = A-B/B x100, where A = FOB value of the export realised/

S. No.	Details of EPCES Member	Query from Member	Response by Grant Thornton
		raw material used are in US Dollar terms ? 2. What shall be Value Addition Norms in case if exports of final product and the imports of raw material used both are in Rupee terms ? 3. In both the above scenarios, how will the Net Foreign Exchange be calculated ?”	FOR value of supply received. B= Value of inputs (including domestically procured) such as gold/silver/platinum content in export product plus admissible wastage along with value of other items such as gemstone etc. Wherever gold has been obtained on loan basis, value shall also include interest paid in free foreign exchange to foreign supplier. Minimum value addition under scheme for export of jewellery is given in paragraph 4.61 of Handbook of Procedure and would be calculated as per above. Further, it is to be noted that as per para 6.10 (a) of Foreign Trade Policy, NFE calculation shall be A-B, where A = FOB value of exports by EOU / EHTP / STP / BTP unit; B = Sum total of CIF value of all imported inputs and CIF value of all imported capital goods, and value of all payments made in foreign exchange by way of commission, royalty, fees, dividends, interest on external borrowings / high sea sales during first five year period or any other charges. It will also include payment made in Indian Rupees on high sea sales. “Inputs” mean raw materials, intermediates, components, consumables, parts and packing materials. Accordingly, it can be concluded that the unit may compute value addition and NFE as per above mentioned provision subject to qualification of remittance received in INR as export proceeds of the unit.”
6	“Thaneshwar Jangid India Agrovision Implements Pvt. Ltd.”	“We are established in SEZ and have exported two shipments via Third Party (GST Registered) to Kenya. Against such exports, we are unable to process for BRC as the Bank has denied the request on the contention of the receipt	

S. No.	Details of EPCES Member	Query from Member	Response by Grant Thornton
		of proceeds in INR from an Indian Resident. This is to bring to your notice that all the major documents (Shipping Bill, Invoice, EDF, and other) were filed with Third Party details as a Buyer as well as Consignee. However, regarding the AD Code, we have filed EDF and other necessary documents with our (Exporter/Manufacture) AD Details. As a result, the Shipping Bill is listed on the EDPMS (as provided by our AD Bank). In this case, we are unable to get BRC for such shipments. Also, if the method we are following is not correct regarding the filing of the Shipping Bills, Invoice, EDF, etc.), kindly provide the correct method of conducting third party exports."	"We understand that the unit is undertaking exports to Kenya through third party exporters and wishes to understand the procedure for the same In the above backdrop, we would like to highlight the below provisions notifications: Paragraph 2.42 of Foreign Trade Policy 2015-2020 (FTP) provides "Third party exports (except Deemed Export) as defined in Chapter 9 shall be allowed under FTP. In such cases, export documents such as shipping bills shall indicate the name of both manufacturing exporter/manufacturer and third party exporter(s). Bank Realisation Certificate (BRC), export order and invoice should be in the name of third party exporter." As per Rule 46(11) of Special Economic Zones Rules, 2006, the procedure for export through a merchant exporter or status holder shall be the following - (i) goods shall be exported directly from the Special Economic Zone or through any other port where the merchant exporter files his shipping bill, in which case the goods shall move directly from the Special economic Zone to the said port of export on the basis of shipping bill as if these were movement of goods from one Warehouse to another; (ii) export document shall contain the name of the merchant exporter or the status holder and the Unit; (iii) merchant exporter or status holder, as the case may be, shall export goods under a free Shipping Bill and submit a disclaimer that no Drawback, Duty Exemption Pass Book credit or fulfilment of export obligation under any export promotion scheme under the Foreign Trade Policy shall be availed by him on the goods so exported. Hence, the above procedure may be followed by the unit for undertaking said export transactions."

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7	“Karan Global Marketing Executive INCA Hammock Manu- facturing & Export (P) Ltd.”	“We would like to introduce our company, INCA Hammocks, which is a 100% Export Oriented company established in 1990 and headquartered in Chennai, Tamil Nadu. We specialize in the manufacturing of hammocks, swings and other related items. Our company is part of MSME and we come under the Sporting Goods Export Promotion Council (SGEPC). We are writing to you today to discuss two important topics: the Focus Market Scheme (FMS) and Packing Credit. The Focus Market Scheme was discontinued in 2010, however, our company due to non-awareness, INCA missed to claim the export subsidy of the Focus Market Scheme, which was 5% and the amount unclaimed adds to approximately INR 5cr +. We would like to know if it is possible for us to avail this subsidy now. We seek your guidance and advice on this matter. Moving to the most pertinent and important point; as a manufacturer in the hammock industry, we face several challenges in terms of our working capital cycle. Our business is highly labour-intensive and seasonal, unfortunately, there is no benchmarking in India for this business. We would like to express our concerns regarding the Packing Credit, as bankers are converting our Packing Credit to Cash Credit based on the new claimed norms, which are generic for most businesses. This conversion from Packing Credit to Cash Credit has increased the interest rate by 10% per annum, resulting in INCA to abysmal financial charges. We can draw many real-life examples of businesses, one such industry is mango pulp harvesting, which is also seasonal and has a long working-	“We understand that the Company intends to claim the incentive under the Focus Market Scheme for prior periods. However, as the Focus Market scheme has been merged with the MEIS scheme, claiming incentive under the earlier scheme for prior periods is not allowed as the same is time barred. Further, with respect to the enquiry on packing credit, the Company may reach out to the banker and request for the change in facility. We are unable to provide any assistance in this regard.”

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		capital cycle like ours. We are requesting a solution and guidance on these matters. We believe that a longer packing credit cycle would benefit our company greatly and help us to manage our working capital more effectively. We hope that you can advise us on how we can request the bank and financial institutions to provide a longer packing credit cycle."	
8	"Govind Yadav EPCES"	We need to know if a SEZ unit can pay DTA supplier in INR through a Vostro or similar foreign currency account in INR and treat this as export for DTA unit?	As per RBI circular FE.CO. TRADE (EXD)/3440/05. 31.058/2015-16 dated September 14, 2015. SEZ units can make payment in INR through a Vostro or similar foreign currency account. Further, same shall be treated as exports for DTA unit considering fulfilment of provisions of section 16 of IGST Act 2017.
9	"S. KALYANI RD MEPZ SEZ "	"Whether required SIMS registration by vendor those are clearing steel scrap during the time of scrap removal from SEZ to DTA mandatory. In our case, we importing chemical (raw mtrl) which stroed in iron steel barrel, post usage of chemical, empty iron steel barrel moved to scrap sales through DTA vendor, in this situation customs officer insist to scrap vendor to register SIMS registration, post registration only, Officer accept to allowing the goods (empty steel iron scrap barrel) removal from sez to DTA.""""	"We understand that the company wants to understand if SIMS registration is required at the time of clearance of steel scrap from SEZ to DTA. In the above backdrop, it is to be noted that Circular No. 30/2015-2020 dated January 8, 2020 issued by DGFT has clarified that in case an item of steel gets registered under SIMS at the time of entry into SEZ/FTWZ, there is no need to seek SIMS Registration again at the time of supply of such item into DTA. However in the case of Scrap, the nature of the steel might undergo a change resulting in change in HS Code at 8 digit level as well. We are of the concise view that SIMS registration is required as there is change in 8 Digit level HS Code."
10	"Ch.S.S. Sekhar R.D"	Procedure for DTA Sales of Scrap from EOU.	"Please find below our response- - Scrap / waste / remnants arising out of production process or in connection therewith may be sold in DTA, as per SION notified under Duty Exemption Scheme, on payment of applicable

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			duties and/ or taxes and compensation cess. However, such sales of scrap / waste / remnants shall not be subject to achievement of positive NFE. - In respect of items not covered by norms, DC may fix ad-hoc norms for a period of six months and within this period, norms should be fixed by the Norms Committee. Ad-hoc norms will continue till such time norms are fixed by Norms."
11	"Govind Yadav EPCES"	"A)-We would like to exit from EOU Scheme and would like to know (1)- can we take EPCG License for machines which will be transferred to DTA unit after Exit (2)- if un-utilised raw material may be transferred on exit to DTA on Advance License B)- Under which rule an EOU is eligible for GST refund."	"Please refer below responses for your queries raised in same order for your ease. A(1) - As mentioned under chapter 5 of FTP, unit can take EPCG license for capital goods on such conversion. A(2) - As mentioned in appendix 6K of DGFT, raw materials can be transferred against duty free licenses. B - EOU unit may apply for GST refund under rule 89 of CGST rules 2017."
12	"Rohan Nakashe Manager – Liaisoning ATC Tires Pvt. Ltd."	"If the unit is availing the benefit of the notification no. 52/03 customs dated 31.03.2003 then what will be time line for re-export of these packing material. What are the relevant provision in the said notification for re-export of such packing material."	"Please note that notification no. 52/03 customs dated 31.03.2003 does not specifically provide time limit for re-export of imported goods However, the jurisdictional officer may, subject to such conditions and limitations as may be imposed by him and subject to the provisions of FTP permit re-export of the goods. Further, as highlighted in our earlier response, the unit may import and re-export the containers of durable nature by availing benefit under Notification No.104/94-Customs dated 16.3.1994."
13	Vijay Gujarathi (EOS Power)	"We have query about below situation as how the below transaction can be executed, I am sure other manufacturers in SEZ also would be having such issues or they might have work around it, but we wanted to find out what section of SEZ act would cover below case. Seller/Manufacturer Unit located in SEEPZ SEZ (EOS	"We understand that the your company is a SEZ unit supplying goods to CISCO, USA under a Bill to Ship to transaction where the goods are delivered to CISCO, Bangalore. In the above backdrop, it is to be noted that as per Section 2(m) of the SEZ Act 2005, export means taking goods out of India from the Special economic zone. In the

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		Power India private limited) Buyer/Bill to : Company in USA : CISCO Consignee /Ship to : Company in India : CISCO Bangalore Currency of Transaction : USD"	present scenario as the goods are not moving outside India, the same cannot be considered as exports. Further, as per Section 30 (a) any goods removed from a Special Economic Zone to the Domestic Tariff Area shall be chargeable to duties under Custom Tariff Act. Hence, duty as applicable needs to be paid by filing Bill of Entry for home consumption. However, if CISCO in Bangalore is also located within SEZ, then no duty would be payable. Also, with respect to GST, since the goods are not moving outside India, the same would not qualify as export of goods."
14	"Rohan Nakashe Manager – Liaisoning ATC Tires Pvt. Ltd."	"Our EOU unit has excess stock of raw material & one of subsidiary company has DTA unit which is in urgent need of the same raw material. The DTA unit is having advance license, can the EOU unit supply raw material to DTA unit against invalidation letter issued by DGFT."	"We understand that the EOU unit is transferring unutilized imported raw material to DTA unit and wishes to know the duty/tax implication on the same. In the above backdrop, it is to be noted that as per para 6.15 of FTP, in case an EOU is unable to utilize goods imported it may dispose the same in DTA with intimation to Customs authorities on payment of applicable duties and taxes and compensation cess. Also, any exemption of custom duty availed on the such goods during import will also be payable"
15	"Rohan Nakashe Manager – Liaisoning ATC Tires Pvt. Ltd."	"Our EOU unit wants to import raw material in returnable Packing material. These returnable packing material are required to maintain the quality of the raw material. After consumption of the raw material, we need to return the packing material to the supplier. Please guide us how EOU can import such returnable PM duty free & export the same upon consumption of raw material. "	"We understand that the EOU unit is importing certain raw material in returnable packaging material. Post consumption of raw material, the EOU unit will re-export the returnable packaging material/container. In the above backdrop, it is to be noted that as per Notification No.104/94-Customs dated 16.3.1994, the importer, by execution of a bond, binds himself to re-export the said containers within six months from the date of their importation. The aforesaid period of six months may, on sufficient cause being shown, be extended by the Assistant Commissioner for such further period, as he may deem fit.

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			Further, the unit can also avail the benefit of Notification No. 52/03 Customs dated 31.3.2003. The relevant extract of the said notification is as under: "In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) (hereinafter referred to as the said Customs Act), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts,- all goods as specified in the Annexure -I to this notification, when imported or procured from a Public Warehouse or a Private Warehouse appointed or licensed, as the case may be, under section 57 or section 58 of the said Customs Act or from international exhibition held in India for the purposes of – (i) manufacture of articles for export or for being used in connection with the production or packaging or job work for export of goods or services by export oriented undertaking (hereinafter referred to as the unit) other than those referred to in clauses (b), (c) and (e), from A. the whole of the duty of customs leviable thereon under the First-Schedule to the Customs Tariff Act, 1975 (51 of 1975) and the additional duty, if any, leviable thereon under sub-sections (1), (3) and (5) of section 3 of the said Customs Tariff Act; and B. the integrated tax and compensation cess leviable thereon under sub-sections (7) and (9), respectively of section 3 of the said Customs Tariff Act" As the packaging materials are covered under Annexure-I of said notification. The unit can avail the benefit of the same after following the conditions as prescribed in said notification."

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16	"Mr.Deepak Prasad DEUTSCHE BANK"	"One of our foreign customers LAMIPEL spa (exporter cum importer) moved their merchandise stock from their Italy warehouse to Chennai FTWZ, under supplier inventory management scheme and their ownership up to Chennai FTWZ.. so we filled Inward warehouse bill of entry without AD CODE. LAMIPEL ITALY sold part material to SRINALA INDIA under internal transfer scheme, (both LAMIPEL ITALY and SRINALA INDIA registered in FTWZ as per SEZ norms) now ownership transfer to SRINALA INDIA selling merchandise stock to different DTA customers in India as per their agreed payment terms. As per DTA sale invoices SRINALA INDIA receives payments in USD / INR, While sending payments to LAMIPEL SPA banks will not accept these transactions. The total sum of USD $ 197178.08 outward remittance was refused by the SRINALA banker "Deutsche Bank" stating the IDPMS portal was not reflecting and refused to process outward remittance."	"We understand your company require clarification on the procedure to make outward remittance in case of DTA customer purchased from non-resident and such goods cleared from FTWZ. In this backdrop, As per RBI Master Direction on Import of Goods and Services, there are certain obligations as listed below to be complied: - Importers should furnish evidence of import and satisfy that goods equivalent to such remittance value have been imported. AD bank should ensure that all import remittances are uploaded in IDPMS (including those which were outstanding on the date of notification of IDPMS) - Person resident in India may make payment for import of goods in foreign exchange through international card held in rupees from international credit card/ debit card through the credit/debit card servicing bank in India against charge slip signed by the importer - Satisfy that the transaction is in conformity with exchange control and is in conformity with Foreign Trade Policy in force. Further, the AD Banker is obligated to ensure that the importer submits evidence for Physical Imports of the following nature: - BoE number, port code and date in order to upload evidence of such import under IDPMS - Import Evidence in case where import was for storing in Free Trade Warehousing Zone (FTWZ) or SEZ Unit warehouses or Customs bonded warehouses, the Exchange Control Copy of the Ex-Bond Bill of Entry or any other Bill of Entry issued by Customs Authorities in this regard. DTA Customers will be required to file BOE at the time of clearing of goods from FTWZ to DTA. Consequently, the amount will reflect in the IDPMS of the DTA Customer.

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			In the above case, the BOE (filed at the time of clearing goods from FTWZ) should reflect on the IDPMS portal. Basis the same DTA customer can approach his AD banker for outward remittance. If the same is not reflected, it will be good to enquire whether proper BOE is filed or any amendment is required."
17	"P Ganesan Head - Finance & Accounts & IT Larsen & Toubro Limited"	Request your response towards w.r.to Duty Applicability for HSN Code 8419 under FTA.	"We understand that the company is exporting equipment to Australia and the company has classified said equipment under HSN 8419. The company wishes to know if such goods are eligible for exemption for Australian customers as per FTA AIECTA (Australia-India Economic Cooperation and Trade Agreement). In the above backdrop, as per our prima facie analysis it is to be noted that the classified HS code 8419 is eligible for exemption as per FTA. At the time of importation, the Customs Authorities usually require documentary evidence to prove the origin of goods. Hence, the exporter will be required to provide a certificate of origin to the consignee for availing FTA benefits. This is applicable in cases where the trade would claim preferential tariff treatment under an FTA."
18	"Sashi Varma Finance Manager XO Pack Private Limited"	"We, XO Pack Private limited, are a CSEZ unit manufacturing corrugated cartons. Our customers are mainly 100% EOU, customers located within CSEZ, DTA customers and customers located outside India. We are presently suppying to our EOU customers using customs notification 52/2003 for customs exemption and notification 18/22 for IGST exemption. Query 1: Some of our customers want us to supply goods by showing IGST in our bills. They want only customs duty exemption. Is this possible?	"Response 1: Any supply from an SEZ unit to an EOU is essentially a bond-to-bond supply and is exempted from the levy of IGST and BCD and hence levy of IGST when exempted by law, may not be permissible. Response 2: Customs (Import of Goods at Concessional Rate of Duty or for Specific End Use) Rules, 2022 is applicable in following cases- Where a notification provides for the observance of the rules; Where an importer intends to avail the benefit of any notification and such benefit is dependent upon the use of

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		Query 2: Can we supply our goods to our EOU customers under Customs (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022."	the goods imported being covered by that notification for the manufacture of any commodity or provision of output service or being put to a specified end use. Any comment on the applicability of the rules will involve a detailed analysis of the nature of supply and can be commented after analysing the factual and legal position."
19	"RAJESH JAIN FORTUNE AGRI EQUIPE-MENTS PVT LTD"	"We are SEZ unit at Khandala MIDC We want to import some used machinery [INJECTION MOLDING MACHINE] Kindly let us know if there is any permission required from DGFT or any other ."	"We understand that the SEZ unit is importing second hand/used capital goods i.e. injection moulding machine and wishes to know the procedure for importing the same. In the above backdrop, it is to be noted that as per Rule 27(1) of SEZ Rules, 2006, second hand capital goods can be procured from DTA without payment of duty on fulfilment of following conditions: • Goods imported or procured must required for authorised operations of SEZ Developer/Unit; and • Such goods should not be prohibited for import under Indian Tariff Classification (Harmonized System) for Import and Export."
20	"Sivadasan AGM Sajjan India Limited"	"We would like to seek your valuable clarification regarding the SO No 3/2023 about EPR registration under Plastic Waste Management system issued by o/o of the Commissioner of Customs (NS-1)- Appraising Main (Import). We are 100% Export Oriented Unit and Manufacturer exporter of Speciality chemicals and various other chemicals including agrochemicals. We are also importing packing materials and various chemicals as raw materials for export production. The packing of our import consignments includes HDPE drums, HDPE bags, PE inner liners, plastic shrink wrapping etc. As per attached	"We understand that the unit wishes to know the EPR registration requirement under Plastic Waste Management Rules, 2016 for EOU unit. In the above backdrop, it is to be noted that the captioned query pertains to the Central Pollution Control Board (CPCB) and we are not subject matter experts for said query. Considering clarification issued regarding applicability of Plastic Waste Management Rules, 2016 vide standing order 03/2023 dated 08.02.2023, we understand that the unit should follow the same in absence of any specific exemption provided to EOU units in the standing order. Further, it is suggested

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		FAQ issued by CPCB, vide Sr. No 26, Export oriented Units are exempted from fulfilling the EPR obligations. In view of above we request you to kindly advice whether we are exempted from EPR registration being a 100% EOU or we have to make application for EPR registration to CPCB."	that the unit may write to the Central Pollution Control Board (CPCB), Ministry of Environment, Forest and Climate Change, in order to seek clarification on the issue."
21	"Suresh Dell"	We need clarification about SEZ employee wearing uniform purchase whether tax is exempted or not.	"We would like to inform that tax exemptions would be provided for an SEZ unit for any procurements made in regards to the authorised operations as mentioned in the approval letter granted to the unit or as mentioned in the uniform list of services as provided for SEZ unit. We are of the concise view that exemption from tax can be availed by the unit if it can be substantiated that the procurement is made for authorised operation of the unit."
22	" Rajesh Sankaran AVP– EXIM Dorf Ketal Chemicals (I) Pvt. Ltd."	"We are Chemical Manu-facturing company. Therefore, we need raw material in bulk (liquid cargo). So we don't have storage facility at our SEZ unit. So under which rule / provision we can keep this material in the bonded warehouse and bring it to our SEZ unit as and when require the same for production. Can we approach SEZ Customs for special permission for the same. Based on their permission, can we file the warehousing bill of entry and keep it in the Bonded Warehouse."	"Please note that the unit may approach custom authorities seeking clarification/ support in relation to the issue faced and seek their support in this regard. Further, the unit may also explore option/ commercial arrangements for storage of imported goods at FTWZ. "
23	"Krishna-murthy Rangaswamy Head – Value Added Services DHL Supply Chain India Pvt Ltd"	"We receive quite a few requests from our clients to show our FTWZ Unit address as their additional place of business for the purpose Trading or even for storing the goods. During the VAT regime DC MEPZ provided the clarification to us the client cannot show the unit address as their additional place of business. In our opinion the same should be applicable	"Our understanding: We understand that the company Is operating as a FTWZ. We understand that the customers of the company are requesting the company to allow them to use their address as an additional place of business for the purpose of Trading and storing the goods. Analysis: As per section 2 (n) of SEZ Act 2005, "Free Trade and Warehousing Zone" means a Special Economic Zone

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		in post GST regime as well, for SEZ/ FTWZ units there is a separate GSTIN number gets allotted.	wherein mainly trading and warehousing and other activities related thereto are carried on; As per section 2 (za) "Special Economic Zone" means each Special Economic Zone notified under the proviso to sub-section (4) of section 3 and sub-section (1) of section 4 (including Free Trade and Warehousing Zone) and includes an existing Special Economic Zone; It can be understood from the definition of SEZ as per SEZ Act that, Free Trade and Warehousing Zone (FTWZ) is also treated as an SEZ for the purpose of the Act. As Second Proviso to Section 25 of the CGST Act ,Provided further that a person having a unit, as defined in the Special Economic Zones Act, 2005 (28 of 2005), in a Special Economic Zone or being a Special Economic Zone developer shall have to apply for a separate registration, as distinct from his place of business located outside the Special Economic Zone in the same State or Union territory.] In the current scenario, as the SEZ unit is considered as a separate distinct person for purposes of GST registration, the customers cannot add a premises in SEZ as an additional place of business."
24	"ADESH RAM-CHANDRA SOM-WANSHI GENERAL MANAGER - FINANCE TATA CONSUL-TANCY SERVICES LTD."	"You are requested to clarify some of our major latest concerns:- 1. While shifting of an used Assets (LAPTOP etc.) from one SEZ Units to other SEZ unit (Inter OU Transfer or any other our own STP or DTA unit) some of the SEZ authorities are not allowing this by citing Clause 2.31 (1) (a) of Foreign Trade Policy which restricts import of secondhand capital goods namely desktop computers, laptops etc.	"Please find our response below: 1. As per Clause 2.31 (1) (a) of Foreign Trade Policy second hand capital goods (laptops or desktops) can be only imported against authorization. Hence, specific approval shall be required in order to undertake said transaction. 2. In case of providing support services from one unit to another, tax invoice is required to be raised along with payment of GST. Payment arrangements between the units is completely at the discretion of both units.

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		2. Whether cross utilization of man power on IUT basis is allowed by billing service/asset cost from one SEZ unit to our own other SEZ/STP/ DTA unit without having any actual payment of bill Amount, however actual IGST would be paid wherever applicable. 3. Whether existing SEZ unit if it is underutilized, can start training centre for freshers and after completion of training start deputing to our own other SEZ units or STP/ DTA units by raising internal branch transfer invoices against service & asset transfer without having actual payment, however IGST would be paid wherever applicable. 4. IF any associate temporarily deputed to India from our own Overseas Branch or subsidiary's with laptop gets converted into permanent transfer to India subsequently then while payment of Dr.Note raised by Overseas Branch or Subsidiary to TCS india for recovering asset WDV not processed by Bank for asking Custom's BOE or approval letter, however Customs refused to do so and asking DGFT's approval."	3. If employees of one unit are providing services to its another unit then the unit providing such services is required to raise tax invoice for such support services along with payment of GST. As mentioned in above point, payment arrangements between the units is completely at the discretion of both units. 4. In the given case, specific request can be made to custom authorities/ DGFT to provide approval letter as one time request, so that same can be submitted with the bank for further processing."
25	" Rajesh Sankaran AVP– EXIM Dorf Ketal Chemicals (I) Pvt. Ltd."	"Our question is whether SEZ unit can file warehouse import bill of entry and keep the material in the bonded warehouse outside the SEZ unit due to space constrain. Is it allowed or not? If yes, under which rule we can get the permission to file the warehouse bill of entry from SEZ customs authority since the import consignment will be in the name of SEZ unit."	Please note that there is no specific provision in SEZ laws for storage of goods/material in warehouse outside the SEZ location. Further, we understand that SEZ unit can file bill of entry only for home consumption and not for warehousing. Hence, SEZ units are permitted to clear warehoused goods under Rule 27(1) of SEZ Rules, 2006.

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26	Harsha (Biocon)	"This is further to our discussion with respect to the request made by us to CSEZ officers to endorse service Invoice issued by DTA job worker for availing ZERO rated benefit. As the officers pressing that DTA job worker does not eligible for ZERO rated benefits and ultimately UAC has referred the matter to Ministry for clarification. In our view, ministry has clarified (letters copy attached) that DTA job worker is eligible to avail ZERO Rated benefit (para1) . However, the job worker is not eligible to avail Export entitlements (3). Para 2 has no applicability. Zero rated benefits and Export entitlements are two different / distinct benefits in terms of Rule 30(1) and Rule 30(2) of SEZ rules. Unfortunately, officers have a view that both Zero rated benefit and Export entitlements are one and the same and again propose to deny the ZERO rated benefit and further deny endorsement of service invoices issued by the job worker / sub contractor. Therefore, we earnestly request you to kindly clarify on the clarification provided by the ministry as to whether DTA job worker (service provider) is eligible to avail ZERO rated benefit."	"We understand that SEZ unit ('Biocon Biological Limited') is receiving subcontracting services from a DTA unit ('Kemwell Biopharma Private Limited') for its authorised operations. DTA unit is raising a service invoice (without charging GST) by availing zero-rated benefit on such supplies to SEZ unit under the provisions of sections 16 of the Integrated Goods & Services Act, 2017 ('IGST Act'). In the above backdrop, it is to be noted that procurement of goods or services by a SEZ unit from DTA unit has been highlighted separately under Rule 30(1) and Rule 30(2) of SEZ Rules, 2006, for zero-rated benefit and export entitlement benefit respectively. Hence, zero-rated benefit and export entitlement benefit are two distinct benefits provided to a deemed exporter making supplies to SEZ unit. Further, reference is drawn from para 2 of letter issued by Ministry of Commerce & Industry, Department of Commerce (SEZ Section) dated 01st November, 2022, it is pertinent to note that DTA unit undertaking job-work services for SEZ unit would be eligible for zero-rating benefit and said supply from DTA unit to SEZ unit would be treated as deemed exports."
27	" Rajesh Sankaran AVP– EXIM Dorf Ketal Chemicals (I) Pvt. Ltd."	"If we import a raw material in the name of SEZ unit (liquid cargo), can we keep it in the bonded warehouse tank farm after filing warehouse bill of entry for the time being. Is any provision in SEZ rule for the same? Pls advise with rule details."	"In relation to your query in trail mail, please note that as per Rule 27(1) of SEZ Rules, 2006: "A Unit or Developer may import or procure from the Domestic Tariff Area without payment of duty, taxes or cess or procure from Domestic Tariff Area after availing export entitlements or procure from other Units in the same or other Special Economic Zone or from Export Oriented Unit or Software Technology Park unit or Electronic Hardware Technology Park unit or Biotechnology

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			Park unit, [or warehouse] all type of goods, including capital goods (new or second hand), raw materials, semi finished goods, (including semi finished Jewellery) component, consumables, spares goods and materials for making capital goods required for authorized operations except prohibited items under the Import Trade Control (Harmonized System) Classifications of Export and Import Items." Hence, as per the above provision SEZ unit may import or procure goods from the warehouse."
28	"Sivadasan AGM Sajjan India Limited"	"We would like to seek a clarification regarding the implementation of automation in the Customs under IGCR Rules 2017. As per attached Circular No 4 @ para 6.4, the generation of IIN No in the system is not applicable for EOUs and EOUs can continue with obtaining procurement Certificates required for import of goods in lieu of generating IIN in the system. Also the said para states " the system architecture with respect to above rule in respect of EOUs is under development". In this regard, we would like to know whether there is any further amendment/notification in respect of the applicability of above rule for EOUs or we can still continue with procurement Certificate for import of goods."	Please note that generation of IIN No for EOUs are still under consideration and would be notified once the same would be in place.
29	"ROHAN NAKASHE ATC TIRES PVT LTD"	Can you confirm whether SEZ unit can sale the raw material in transit to its own subsidiary DTA unit on high sea sale basis. The DTA unit will clear the goods against Advance Authorization to avoid payment of Duty.	DTA unit may procure such raw materials by filing Bill of Entry in their name at the time of import.

S. No.	Details of EPCES Member	Query from Member	Response by Grant Thornton
30	"Rajesh Sankaran AVP– EXIM"	"We are having units in SEZ as well as DTA area. DTA and SEZ is falling under same IEC code. Both the factories address are mentioned under same IEC only. We are manufacturing some of the intermediates in our SEZ unit and sell it to our DTA unit for making the FG in INR currency with payment of applicable duty after filing the Bill of entry In this process some of the DTA bill of entries are appearing in the IDPMS portal and our AD bank is asking us to close this open entries. Our query is since the transaction was made in INR currency and foreign exchange was not at all involved in this transaction, is it mandatory to close the bill of entries in the IDPMS. As per RBI circular if foreign exchange involved in the transaction only the IDPMS will come in to picture. In our case there is no foreign exchange involvement. Hence, need your expert advice in this matter to take it further with our AD bank."	Please note that the unit needs to substantiate the transaction undertaken by SEZ unit with DTA unit and the remittance received was in INR with submission of supporting documents to the AD bank so that the AD bank can knock off the entries in the IDPMS.
31	Anoop k Srivastava	Please inform me that a EOU unit can export with payment of duty (without LUT) and claim duty through icegate.	Yes, EOU units may undertake export with payment of IGST (without LUT) and apply refund of the same on GST portal.
32	Anoop k Srivastava	"We are 100% Export oriented Unit and want to purchase a staff BUS , kindly tell me whether we can avail GST exemption. Please also tell me where we can apy for this in Custom department or in GST department and if any notification have for this"	"As per section 17(5) of CGST Act, 2017, notwithstanding anything contained in sub-section (1) of section 16 and sub-section (1) of section 18, input tax credit shall not be available in respect of the following, namely:- (a) motor vehicles for transportation of persons having approved seating capacity of not more than thirteen persons (including the driver), except when they are used for making the following taxable supplies, namely:- (A) further supply of such motor vehicles; or (B) transportation of pass-engers; or

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			(C) imparting training on driving such motor vehicles; Hence, we understand that there is no exemption of GST on procurement of bus for transportation of its employees by a EOU unit. However, Company may avail the ITC of said vehicle purchased having seating capacity of more than 13 persons."
33	CA Sanjay Heda	Needed some clarification on shifting of SEZ within same zone does it call for shifting of bond / BLUT from current SEZ to the proposed SEZ ? If so what are the prerequisites for the same. Cost and timelines involved.	Shifting within same SEZ is allowed by zonal DC with amendment in LOA. Execution of BLUT is subject to change in original computations.
34	"Suprit Shah Compliance Officer Tee Ventures (India) Pvt Ltd"	We are Export Oriented Unit we need to renew our existing Green Card. It will be very helpful if you let us know the process and documents required.	The renewal application for green card can be made with the regional Development Commissioner (DC) along with the copy of LOP. Additional information documents can be asked by the DC office, if required.
35	"ROHAN NAKASHE ATC TIRES PVT LTD"	Our EOU unit wants to supply material to SEZ unit as per SEZ Rule 30 (14) by following the procedure in SEZ Rule 30(12). In the said procedure there is a requirement of filing an Ex-bond shipping bill, please advise who will file this Ex-bond sbill (EOU or SEZ). or this is a requirement done away with, if yes then what is the relevant notification/ circular/rule for the same? It would be helpful if you could share the detailed procedure for the supply of goods from EOU to SEZ.	"Please note that the need to comply with warehousing provisions as well as 'bonding' and 'de-bonding' by EOU units has been done away with effect from 13th August, 2016 through enclosed public notice. As a consequence, EOUs units were delicensed as ware houses under Customs Act, 1962. Hence, requirement of filing of ex bond shipping bill is not required in case of supply by EOU to SEZ unit. Accordingly, EOU units can supply goods to SEZ units by following the provisions of Rule 30(12)(a) and 30(12)(b) of Special Economic Zones Rules, 2006."

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36	"Ajit Dhuri Deputy General Manager Indirect Tax Plant Mylan Laboratories Limited"	"We M/s Mylan Laboratories Ltd is manufacturer of Pharmaceuticals goods Tablets / Capsules having the status of EOU & SEZ. We are importing drugs for manufacturing of pharmaceuticals goods for Export purpose. As per Para 3 of DGFT Policy Circular No. 9 (RE-2003)/2002-2007 dated 30.06.2003 – 100% EOU/EPZs & SEZs Units are exempt for registration Form 10 import license under Drugs & Cosmetics Act other than supplies in Domestic Market Now rule 96(5) inserted in Drugs Rules, 1945 vide notification F. No. X.11014/17/2019-DR dated 18.01.2022 effective from 01.01.2023 as below : "(5) Every active phar-maceutical ingredient (bulk drug) manufactured or imported in India shall bear Quick Response code on its label at each level packaging that store data or information readable with software application to facilitate tracking and tracing. The stored data or information shall include the following minimum particulars, namely:— i) Unique product identification code, ii) Name of the API, iii) Brand name (if any), iv) Name and address of the manufacturer, v) Batch no., vi) Batch size, vii) Date of manufacturing, viii) Date of expiry or retesting, ix) Serial shipping container code, x) Manufacturing licence no. or import licence no. xi) Special storage conditions required (if any).".	"Please find our response below: Please clarify whether QR code on packages under rule 96(5) of Drugs Rules 1945 is applicable to EOU/EPZs & SEZs Units when they are importing active pharmaceutical ingredient (bulk drug) for Export purpose only? As per the new rule inserted in Drugs Rules, 1945 as shared in trail mail, the requirement of QR code on the packaging seems to be applicable on all units unless specific exclusion is mentioned for any of the units i.e. EOU/SEZ units. A detailed representation can be made to DGFT for seeking relaxation from said requirement."

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		Query: : Please clarify whether QR code on packages under rule 96(5) of Drugs Rules 1945 is applicable to EOU/EPZs & SEZs Units when they are importing active pharmaceutical ingredient (bulk drug) for Export purpose only? Request DGFT to take up the matter for facilitation of business and issue necessary exemption circulars as per DGFT Policy Circular No. 9 (RE-2003)/2002-2007 dated 30.06.2003 so that EOU/SEZ-exporters can carry out hassle free importation at the import port station without any objection. ."	
37	"Dipak Mistry Sr. Manager F & A TARASAFE INTER-NATIONAL PVT. LTD."	"The Goods was exported to foreign buyer 6 months back by sez unit. Foreign buyer found partial qty of goods as defective. Foreign buyer asked sez unit to take back defective goods and repaired in India. After repair, the goods require to be exported to foreign buyer. Pl. advise on 1. Procedure for import of defective Goods and return the goods after repair to foreign buyer . 2. Applicability /levy of any custom duty or GST on above transaction. 3. Time period if any within which above transaction require to be completed under law."	"Please note that as per Regulation Number 9 of Notification No. 53/2003-Customs dated 22nd July 2003, the unit shall be allowed to re-import the goods exported and found to be defective or damaged by the overseas buyer or in the case of failure of the buyer to take delivery of the goods, subject to the procedure as mentioned in regulation 4 of such notification and subject to the following conditions, namely: i) identity of goods is established at the time of re-import ; and ii) goods are re-imported within a period of one year from the date of export. Hence, the unit is allowed to re-import such defective/rejected goods without payment of duty and IGST thereon."
38	"Sunil Ovobel Foods Limited, Bangalore"	"We, M/s. Ovobel Foods Limited, a 100% EOU - having manufacturing facility at No.30, KIADB Industrial Area, Malur, Kolar Dist. Karnataka - 563160. We are a manufacturer and exporters of full range of processed egg products ranging from Whole egg powder, Egg yolk powder, Egg white powder and pasteurized frozen egg products. Currently our electricity consumption	"As per Para 6.35 of HBP to FTP 2015-20, Board of Approval (BOA) may consider request from an unit to include additional location outside territorial jurisdiction of original DC / Designated Officer. Therefore, Ovobel may submit an application to the BOA for inclusion of additional location as EOU. Upon receipt of approval, Ovobel can import all type of goods including capital

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		is approximately 2.80 to 3.00 lakhs units and paying huge electricity bill at Rs.23 to 25 lakhs per month. In order cut short the cost, we are also planning to put up an off-site 3 Mega-watt Solar Power plant for our captive electricity requirement. This will have a huge cost saving benefit as our electricity costs will effectively be halved. How it's going to function: The Solar project need vast area of land to set up the panels and other related equipment. To generate each megawatt power, it needs about 3 to 4 acres of land. Since we don't have enough space to set up the same in our factory, we have an arrangement to utilize the infrastructure of another company who already have GO (Government Order) to put up a solar field in 250 acres of land within Karnataka for 70-megawatt power generation with transformers, evacuation line etc. For our requirement, we will be purchasing 5 to 6 acres of land from this company and going to put up solar panels and the electricity will be produced and it will be sent to the grid. The Karnataka Electricity Board (KEB) is already having a system called "wheeling and banking" and through this system the electricity produced will be deposited there and withdraw in our unit (Malur). Complete records of power generated, transmitted and withdrawn by our unit will be maintained and the energy produced in the solar field will be completely consumed it for captive consumption for our unit for production of export product. Now we would like to set up this as an additional premises in order to take the benefit of importing the solar panels and other equipment under duty free. As a MSME unit, engaged in the activity of Agriculture export	goods required for its operations, unless such imports are specifically restricted. Further, as per Para 6.04 (b) of the HBP, import of capital goods (new or second hand) including DG sets, captive power plants, transformers and accessories for all above are allowed to be imported into EOU. However, the unit must ensure all necessary conditions vested in Para 6.06 of the HBP are followed."

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		(registered with APEDA), we are ready invest in this project in order to make use of solar energy and save the power generated by Government Electricity Board. Also, this will help us to cut short the cost of production so that we can supply the output product at competitive rate which will earn foreign exchange for our country. Can we take benefit of EOU to set up this as an additional premises and import these capital goods under duty free? Pls give us your valuable suggestion and share the notification to get necessary approval from the department for duty free imports."	
39	"Niraj Ramanuj Compliance Officer IFSC Banking Unit ICICI Bank Ltd."	We are an IFSC Banking Unit working in IFSC in GIFT SEZ – Gandhinagar. This is in context to Rule 43A - Notification in reference to WFH, can we have our few of employees (conducting operational / transactional activities) working outside IFSC at other premises of parent Bank and conducting operations related to IBU products / services?	"Please note that as per Rule 43A of Special Economic Zones Rules, 2006, a unit may permit its employees, to work from home or from any place outside the Special Economic Zone. Further, where a unit permits its employees for work from home or from any place outside the Special Economic Zone under this rule, it shall intimate the same to the Development Commissioner through an email on or before the date on which the facility for work from home or from any place outside the Special Economic Zone is permitted."
40	"Rahul Kalburgi Aequs Special Economic Zone"	"We would like to know your views on applicability of GST compliance in Form ITC-04 for SEZ units. As you are aware, SEZ units sending goods under Job-work to Domestic Job worker follow the procedure prescribed under Rule 41 and 42 of SEZ Rules whereby the goods sent out has to come back within 120 days failing which applicable customs duty is payable with the approval of Authorized/Specified Officer of the SEZ. Further, GST law also	"As per Rule 45 (3) of the CGST Act 2017, A registered person (Principal) is required to file a declaration in 'Form GST ITC-04' within the prescribed time, if the principal is sending any inputs or capital goods to a job worker (both registered and unregistered) without payment of tax and receives it back or sends it out to another job worker or supplies from premises of job worker to customer directly. There is no specific relaxation provided to SEZ units from furnishing form

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		prescribes filing of ITC-04 in respect of goods sent out on job work. It may be noted that, the goods sent out by SEZ unit for job work would have been purchased as Zero Rated Supplies and there is no ITC claimed on such goods. Basis above, we would like to know whether being SEZ unit, we need to also comply with provisions of GST law in relation to Job-work and filing Form ITC-04."	ITC 04. Hence, it is mandatory to furnish the form in case the unit is sending goods for Job Work. Further, the offline utility features a separate column seeking confirmation if the person is a SEZ unit/ developer (attached the screenshot below)."
41	"Rahul Kalburgi Aequs Special Economic Zone"	Could you offer your comments on the subject query basis the recent clarification/circular issued by the Govt in relation to recovery of penalty/ liquidated damages?	"We understand that the Company has received orders from the customers and upon cancellation of such order the customer is compensating the Company for the expenses incurred. Please note that as per clarification issued by CBIC vide circular number 178/10/2022-GST dated 03rd August 2022, in case where the amount as "liquidated damages" is paid only to compensate for injury, loss or damage suffered by the aggrieved party, without any agreement, such liquidated damages are merely a flow of money from the party who causes breach of the contract. Liquidated damages are not the desired outcome of a contract. Thus, such payment would not be constituted as a consideration for supply and hence, not taxable. However, in case payment constitutes a consideration for a supply, then it is taxable, irrespective of by what name it is called. Hence, it can be concluded that if the payment does not represent the "object" of the contract, then it cannot be considered "consideration" and not exigible to GST. Enclosed herewith copy of relevant circular for your ready reference."

List of Top 50 Special Economic Zones Based on Exports for F.Y.-2022-23

S. No	SEZs Name	Goods Exports	
		INR(Cr.)	USD (Millions)
1	Reliance Jamnagar SEZ	2,39,298	30,256
2	SEEPZ Special Economic Zone	28,473	3,591
3	Surat Special Economic Zone	26,136	3,309
4	VEDANTA ALUMINIUM LTD.	23,532	2,973
5	Kandla Special Economic Zone	14,693	1,861
6	Indore Special Economic Zone	9,953	1,255
7	DAHEJ SEZ	9,540	1,204
8	APPIIC MULTIC PRODUCT SEZ	8,628	1,089
9	Adani Ports and special Economic Zone	6,884	877
10	APIIC Pharma SEZ	6,725	846
11	Mangalore Special Economic Zone	6,689	846
12	Zydus Infrastructure Pvt. Ltd.	5,575	703
13	Noida Special Economic Zone	5,469	690
14	Visakhapatnam Special Economic Zone	4,700	592
15	DIVIS LABORATORIES LTD	4,462	565
16	Serum Bio-Pharma Park	3,992	505
17	APIIC Limited(Naidupeta)	3,722	470
18	MEPZ Special Economic Zone	3,670	462
19	PARRY INFRASTRUCTURE COMPANY (P) LTD	3,296	416
20	SRI CITY SEZ (MULTI PRODUCT)	3,122	389
21	Sterling SEZ and Infrastructure Limited	3,106	391
22	Mahindra World City Developers Limited (Auto Engineering)	2,982	376
23	Aspen Park Infra Coimbatore Pvt Ltd	2,842	357
24	Cheyyar SEZ Developers Pvt. Ltd	2,835	357
25	RAMKY PHARMA CITY INDIA LTD	2,595	327
26	RIICO SEZ-II,Sitapura	2,509	315
27	Nokia Telecom SEZ	2,470	310
28	MIDC - Phaltan	2,451	308
29	SIPCOT Limited Transport Engineering (Gangaikondan)	2,350	297
30	COCHIN SPECIAL ECONOMIC ZONE	2,248	283
31	BIOCON SPECIAL ECONOMIC ZONE	2,209	277
32	KIADB AEROSPACE SEZ	2,096	264
33	Arshiya Ltd	2,022	257
34	BRANDIX INDIA APPAREL CITY PVT. LTD	2,001	253
35	SIPCOT Limited Growth Center (Oragadam)	1,691	212
36	Arshiya Northern FTWZ Limited	1,676	214
37	M/s. Deccan fine chemicals (India) Pvt Ltd	1,609	202
38	FALTA SPECIAL ECONOMIC ZONE	1,576	200
39	M/S. Cheyyar SEZ Developers Pvt Ltd.	1,498	189
40	SEZ BIOTECH SERVICES PVT. LTD.	1,477	190
41	DIVI'S LABORATORIES LIMITED	1,459	183
42	J. Matadee Chennai Free Trade Zone	1,352	171
43	Manikanchan Special Economic Zone	1,254	157
44	Mahindra World City (Jaipur) Ltd. - (Multi Product SEZ)	1,211	153
45	APACHE SEZ DEVELOPMENT INDIA PVT. LTD	1,189	151
46	MIHAN SEZ	1,188	151
47	Larsen & Toubro Limited-Kattupalli	1,097	139
48	MIDC - Aurangabad	970	123
49	Dr. Reddys Laboratories Limited (Devunipalavalasa Village)	942	119
50	APIIC SEZ for Aerospace and Precision Engineering Industries	894	113

Useful links

- MoC&I-https://commerce.gov.in/
- DGFT-https://www.dgft.gov.in/CP/
- Ministry of Finance-https://finmin.nic.in/
- EPCES-https://www.epces.in/
- EPCES Membership-https://epces.co.in/auth/login
- EPCES Query-Query@epces.in
- EPCES Help Desk-https://www.epces.in/enquiry-form.php
- EPCES Sponsored study on "Evaluating impact of SEZs in India through sectoral analysis and case studies"-https://www.epces.in/epces-publications.php
- SEZ Online-https://sezonline-ndml.co.in/
- Ice gate-https://www.icegate.gov.in/eSANCHIT.html
- SEZ India-http://sezindia.nic.in/

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