EPCES NEWS

Volume 15 No. 4

JANUARY - MAY 2020

Shri Narendra Modi
Prime Minister of India




Aatma Nirbhar Bharat Abhiyaan

(Self-reliant India Campaign)

Fact Sheet on Special Economic Zones

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

Number of Formal approvals (As on 29.02.2020)	421
Number of notified SEZs (As on 29.02.2020)	354+(7 Central Govt. + 12 State/Pvt. SEZs)
Number of In-Principle Approvals (As on 29.02.2020)	33
Operational SEZs (As on 31st December, 2019)	240 (Break up: 25 are multi product SEZs, remaining are sector specific SEZs)
Units approved in SEZs (As on 31st December, 2019)	5,258

Land for SEZs (As on 29.02.2020)	7 Central Govt + 11 State/Pvt. SEZs notified before SEZ Act. 2005	Notified SEZs under the SEZ Act, 2005	Total Notified SEZs Area (1+2)	Formally Approved SEZs (421-354)	Total Area (3+4)
	(1)	(2)	(3)	(4)	(5)
	2185.76 Ha	40347.16 Ha	42532.92 Ha	5457.86 Ha	47990.78 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, 2005)**	**Incremental Investment**	**Total Investment (As on 31st December, 2019)**
Central Government SEZs	Rs. 2,279.20 cr.	Rs. 17,911.47 cr	Rs. 20,190.67 cr
State/Pvt. SEZs set up before 2006	Rs. 1,756.31 cr	Rs. 11,684.26 cr	Rs. 13,440.57 cr
SEZs Notified under the Act	–	Rs. 5,04,026.43 cr	Rs. 5,04,026.43 cr
Total	**Rs. 4,035.51 cr**	**Rs. 5,33,622.16 cr**	**Rs. 5,37,657.67 cr.**

Employment	**Employment (As on February, 2006)**	**Incremental Employment**	**Total Employment (As on 31st December, 2019)**
Central Government SEZs	1,22,236 persons	85,355 persons	2,07,591 persons
State/Pvt. SEZs set up before 2006	12,468 persons	97,403 persons	1,09,871 persons
SEZs Notified under the Act	0 persons	19,16,318 persons	19,16,318 persons
Total	**1,34,704 persons**	**20,99,076 persons**	**22,33,780 persons**

Exports in 2017-18 DTA Sale (Deemed exports) DTA Sale (Not Counted for +ve NFE)	Rs. 5,81,033 Crore (Growth of 11% over FY 2016-17) Rs. 19,125 Crore (3% of total production) Rs. 1,04,097 Crore (15% of total production)
Exports in 2018-19 DTA Sale (Deemed exports) DTA Sale (Not Counted for +ve NFE)	Rs. 7,01,179 Crore (Growth of 21% over FY 2017-18) Rs. 19,908 Crore (2% of total production) Rs. 1,01,866 Crore (12% of total production)
Exports in 2019-20 **(As on 31st December, 2019)** DTA Sale (Deemed exports) DTA Sale (Not Counted for+ve NFE)	Rs. 5,96,659 Crore (Growth of 12.85% over the exports of the corresponding period of FY 2018-19) Rs. 16,097 Crore (2% of total production) Rs. 82,834 Crore (12% of total production)

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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)

Volume: 15 Issue: 4
January-May 2020

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Printed & Published by Anand Giri on behalf of Export Promotion Council for EOUs & SEZs

Published at
8G, 8th Floor, Hansalaya Building
15, Barakhamba Road,
New Delhi-110001

Editing, Designing and Printing by
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T.V. Ravi
Director General, EPCES

The Government of India is managing the COVID-19 menace in the country in an effective manner. The Ministry of Commerce & Industry has been providing every support to the beleaguered EOUs and SEZs through issuance of relaxations and clarifications on a top-priority basis

Dear Members,

Global businesses including that of EOUs and SEZs have been badly hit by the COVID-19 pandemic. Most overseas markets are closed as different regimes across the world have extended their lockdown. Many of the units are financially broken or are on the verge of collapse or closure. The struggle for survival has become dire.

The positive outcome has been that hundreds of businesses are looking to move out of China and wanting to relocate. India for them is a preferred destination.

The Government of India is managing the COVID-19 menace in the country in an effective manner. The Ministry of Commerce & Industry has been providing every support to the beleaguered EOUs and SEZs through issuance of relaxations and clarifications on a top-priority basis. Their issues are being taken up with all the concerned wings in other Ministries of the Government.

EPCES has been conducting various webinars and video conference meetings with senior Government officials, Hon'ble Commerce & Industry Minister and with other experts to address the issues of EOUs and SEZs. A number of requests of EPCES have been considered favourably by the Government. They have led to immediate issuance of necessary orders. Wherever required, clarifications have been made. EPCES is continuously taking up the remaining issues of this sector with the concerned departments of the Government, like Ministry of Commerce, Ministry of Home Affairs, State Governments and local authorities for resolving various operational and procedural issues.

During January and February, 2020, EPCES Export Awards for the year 2016-17 and 2017-18 were presented in Noida SEZ, Falta SEZ, Cochin SEZ and MEPZ SEZ. These awards were given to the best EOUs and SEZs in each of the concerned zones.

Updated version of SEZ Act and Rules was released by the Commerce Secretary and Additional Secretary Commerce. Copy of the updated version of SEZ Act & Rules will be sent to members on normalcy.

I request all the members to actively take part in all the initiatives of EPCES and make this Council more vibrant so as to provide a proper platform to raise your voice.

T.V. Ravi

T.V. Ravi
Director General, EPCES

Bhuvnesh Seth
Vice Chairman, EPCES

EOUs and SEZs sector has been one of the worst hit by the COVID-19 pandemic that is sweeping across the world. Millions of people associated with this sector are now struggling to survive

Dear Exporter Friends,

As you are quite aware that EOU & SEZ Sector is the worst-hit by the COVID-19 Pandemic, being exclusively export-oriented sector with no other outlets, openings or avenues. The spread of the virus world over has closed down most of the overseas markets for this sector besides dislocating options in the Indian market. Many of the units are financially wrecked, collapsed or struggling for survival, overseas contracts are cancelled, and business ruined.

Our Council complimented Hon'ble Prime Minister of India, and his team at the Center and various State Governments for managing COVID-19 menace in a most coordinated and effective manner. Our Council has also expressed its gratitude to the Hon'ble Commerce Minister and MOC officials for their support in resolving issues.

Friends, our Council has urged the Government for permission for sale by SEZ units in DTA on duty foregone consideration so that they can sell their products lying with them due to cancellation of orders and sale so that they could make use of their idle manufacturing capacity, workforce since the expectations of export orders on short term are quite less.

We have also requested for waiving off the lease rent of the units for the first quarter of the financial year 2020-21 instead of simple deferment, waiving off EMIs and interests thereof. At present Japan,Germany, US and other European countries have decided to move industries from China to Cambodia, Indonesia, Philippine, Taiwan, etc with India a preferred country. We have requested CIM for continuation of Income Tax exemption for reasonable time so as to attract fresh investment under the scheme, as other countries offer attractive incentive package, allowing permission to export drugs and medical products which are banned due to COVID-19 regulations as quantity produced is much more than India's consumption, continuation of MEIS Scheme even for the garment sector, and have requested for consideration of lot of procedural and operational issues including ones under consideration.

The above suggestions were presented during various video conference meetings with Hon'ble Commerce & Industry Minister, Commerce Secretary, DGFT as well as in the webinars convened by various trade associations including EPCES.

I am glad to inform you that during the months of January and February 2020, EPCES Regional Offices at Noida SEZ, Falta, SEZ, Cochin SEZ and MEPZ SEZ organized the Export Award functions for the years 2016-17 and 2017-18 presenting Export Awards to the best EOUs & SEZs in their region.

EPCES have recently released an updated version of SEZ Act and Rules. Copy of the same will be sent to you by the Secretariat shortly.

I request all members to come forward wholeheartedly with their valuable suggestions so that we may be able to serve you better.

Assuring of our best services at all times.

Bhuvnesh Seth

Bhuvnesh Seth
Vice Chairman, EPCES

PM'S INR 20 LAKH CRORE FINANCIAL PACKAGE TO REVIVE INDIAN ECONOMY

On May 12, Hon'ble Prime Minister Narendra Modi announced a massive financial package to revive, reform and make the country self-reliant, while at the same time welcoming foreign capital and strengthening of supply chains. In a televised address to the nation, Prime Minister spoke about new infrastructure and rational tax systems for a quantum leap of growth.

Besides, the Prime Minister announced stimulus measures which will take the total amount announced by the Ministry of Finance and the RBI to a total of INR 20 lakh crore or 10 per cent of the GDP. He termed this as part of the *Aatma Nirbhar Bharat Abhiyaan* (a self-reliant India campaign). He also stressed the need for buying and promoting local products. "Every Indian will have to be vocal for local," Mr Modi said.

According to the Prime Minister, it is now the time to make India self-sufficient in every way and every Indian should buy and promote local goods. The PM said that the package will give emphasis on land, labour, liquidity and laws. The package will also focus on the farmers and the labourers who support the nation during the times of crisis.

The PM further said that the package will give rise to a rational tax system, strong financial system besides encouraging businesses and bringing in investments into India. Industry experts welcomed the announcements, saying that there are many ways in which the schemes announced can be financed, including from the extra INR 200,000 lakh crore the Centre will get from higher levies on petrol and diesel.

According to the Prime Minister, the package will help India get to its ultimate goal of being "self-reliant". "This package is for the farmers, for our middle class who honestly pay taxes and our industry who are determined to take India to heights," he said.

He termed economy, infrastructure, technology-driven system, vibrant demography and demand the five pillars which need to be used by India. Jan Dhan, Adhaar and mobile technology helped the poor and the marginalised during this lockdown and the ambit of reforms needs to be widened so that the impact in future is minimal on individuals, he said.

The Prime Minister stressed the need for a self-sufficient India while talking specifically about production of PPE kits, N95 masks and medicines that have come to aid the world. He has been consistently harping on this theme for some time now. He asserted that India can and will use this crisis as an opportunity to make this century as that of India's. The economic package is dedicated for that purpose, he said.

He said that the package has special focus on the marginalised, poor, fishermen, and migrant labourers. In

a significant statement, Modi said the local business came to rescue of people during the lockdown and India needs to recognize its worth.

"From today onwards, all Indians should be vocal about local. They shouldn't only buy local products but should equally advertise them with pride," he said. Referring to India's response to his appeal to buy khadi products, he suggested that it's time to buy local.

"We need to have such an economy that makes a quantum jump, and not in an incremental manner," he said. Stressing the need for robust infrastructure, he said India should develop an infrastructure which becomes its identity. Talking of the large demand-base in the country, the Prime Minister said the demand and supply chain of the economy should be used to the fullest.

Apart from this, the Government has already used the escape clause in the FRBM act. The announcement came at a time when the official data showed that contraction in manufacturing and electricity sector's output on the back of the Covid-19 outbreak and the subsequent lockdown to curb its spread plunged India's factory production in March 2020.

The factory output crashed by (-) 16.7 per cent during the month under review from a growth of 4.62 per cent in February and 2.7 per cent recorded in the corresponding month of last year. ■

—India Empire Bureau

No increase in lease rent for SEZ units in FY21: Centre

The Centre on May 12, 2020, gave interim relief to SEZ units from any increase in lease rent on account of Covid-19 outbreak. As per an official communication from the Ministry of Commerce and Industry, the relief measure was instituted in consultation with the Department of Expenditure on account of the Covid-19 outbreak.

Consequently, there will not be any increase in the lease rent for the SEZ units for the FY 2020-21 and payment of lease rent of the first quarter is to be deferred up to July 31, 2020 for all SEZ units. "The deferment may not invite any interest thereof," the Ministry of Commerce and Industry communication said.

"Accordingly, DCs (development commissioners) are requested to take necessary action on the matter. DCs are also requested to advise developers of state government/private SEZs to consider similar relief measures in their zones."

EPCES BRASS MEETS HON'BLE CIM

Hon'ble Commerce & Industry Minister, Shri Piyush Goyal (fourth from right).
On his right: Shri Bhuvnesh Seth, Vice Chairman, EPCES, Shri Vilas Gupta, Regional Chairman, EPCES NSEZ, Shri Alok Mukherjee, EPCES CGC members, Shri O.P. Kapoor, Regional Director, EPCES NSEZ. On his left: Shri Srikanth Badiga, EPCES CGC member, Shri Sunil Puri, EPCES member and Shri Senthil Nathan S., Dy. Secretary SEZ, Deptt. of Commerce

EPCES arranged a meeting of prominent EOUS/SEZ units/SEZ developers with Hon'ble Commerce & Industry Minister Shri Piyush Goyal on March 4, 2020 at New Delhi.

Hon'ble CIM mentioned that the committee headed by Shri Baba Kalyani, Chairman and Managing Director of Bharat Forge Ltd, has made its recommendation based on inputs from various industries and stake holders. They are under consideration. Hon'ble CIM patiently considered the issues and assured that they will be resolved in the interest of the exporting community. He kindly agreed to meet EOUs/SEZ sector sometime again in March/April 2020.

Shri Bhuvnesh Seth, Vice Chairman, EPCES, thanked Hon'ble CIM for giving the Council an opportunity to highlight the issues of EOUs/SEZs/SEZ developers. He said that EOUs and SEZs are the engines of economic growth of the country and the sector has been continuously generating huge exports and employment and attracting investments into the country.

Shri Seth further said that the ECPES recognized the efforts of EOUs/SEZs/SEZ developers by presenting EPCES Export Award for their excellent export performances.

Additionally, the following issues were discussed as under:-

Proposed Tax Collection at Source (TCS) on Sale of Goods—Clause 93 of Finance Bill 2020 proposed to insert sub-section (1H) of section 206 of the Income Tax Act, 1961. A clarification on this required.

A. As per the proposed provision, a seller having annual turnover of more than INR 10 crore has to collect tax on sale of goods at 0.10% from the buyer (1% in case

LEFT: Hon'ble Commerce & Industry Minister addressing the participants. **RIGHT:** A view of meeting

of buyer not having PAN) of the sale consideration exceeding INR 50 lakh as income-tax.

The SEZ sector desires that their export sales may be excluded from the proposed TCS provisions because they have to collect TCS on their export sales from their overseas/foreign buyers.

B. Imposition of health cess on sale of medical devices (needles) by EOUs—a clarification on this is required. Ref: Department of Revenue Notification No.8/2020-Customs dated 02.02.2020.

Income Tax exemption to EOUs and SEZs

A. Government may consider IT benefits to developers of projects that have already obtained formal approvals before 31st March, 2017, as land was already in possession by making substantial investments.

B. Government may consider allowing SEZ units to sell into the DTA on achieving 20% positive NFE on the basis of duty foregone during import.

Issues related to GST

A. Implementation of refund mechanism for GST to SEZs units and EOUs is required to be in automatic mode with subject and condition as applicable.

B. The supplying material under non-LUT mechanism to be put in the place to remove difficulties of such suppliers to SEZs units. 30% supplies are affected due to this.

Issues - Ministries of Commerce and Industry

A. EOUs and SEZs should be treated at par for supplies for exports and DTA.

B. Operation of more than two units as separate unit/companies/JV should be allowed in the same premises.

C. Allowing of Job Works: Currently SEZ units are allowed to perform job works only for SEZ/EOU units. SEZ units are not allowed to perform job works for other DTA units. Government may consider allowing SEZ units to perform job works for DTA units also to utilize their idle fixed assets and infrastructural capacity.

The delegation was led by Shri Seth and the meeting was attended by Shri Senthil Nathan S., Deputy Secretary SEZ, Shri Vilas Gupta, Regional Chairman EPCES NSEZ, Shri Alok Mukherjee, Member EPCES CGC, Shri Srikanth Badiga, Member EPCES CGC, Shri Sunil Puri, Member EPCES and Shri O.P. Kapoor, Regional Director EPCES NSEZ. ■

EPCES is thankful to Hon'ble Minister for Commerce & Industry, Shri Piyush Goyal, and his team in Department of Commerce, for holding series of Webinars for solving the issued and problems faced by EOUs & SEZs in the Country and extending their support by providing various relaxation and clarifications. We are also thankful for taking up the issues of EOUs & SEZs with various concerned departments like Ministry of Finance, NSDL and State Governments, etc. and providing the feedback of the same

ISSUES FOR DISCUSSION WITH HON'BLE COMMERCE MINISTER

LEFT: EPCES Regional Chairman Shri Vijay Gujarathi (3rd from right) along with other dignitaries met Hon'ble Commerce & Industry Minister, Shri Piyush Goyal (4th from left). Also present was Shri Senthil Nathan S., Deputy Secretary, SEZ, Department of Commece (extreme right). **RIGHT:** The delegation also met Shri B.B. Swain, Addl. Secretary, Department of Commerce (4th from right)

Shri Vijay Gujarati, Regional Chairman, EPCES SEEPZ SEZ alongwith Vice Chairman of GJEPC and exporters from three important industries, namely jewellery, electronics and software met the Hon'ble Commerce and Industry Minister Shri Piyush Goyal to submit their views on Challenges and growth potential from SEEPZ. The combined exports of all the sectors of the Zone for the period April-December 2019 is INR 14,574 crore with employment of about 1 lakh persons.

It was submitted that there is a tremendous potential for growth of SEEPZ SEZ, especially jewellery segment in view of China situation. Many overseas importing jewellery companies have decided to shift their manufacturing base from China as soon as possible. We should not miss this game changing opportunity and immediately take drastic measures on facilitation.

April to December jewellery import data of US indicates China exports dropped by 18% while we could grab only a small percentage. We can grow at 25% if some issues inflicting get resolved.

SEEPZ though one of the oldest and most compliant SEZ, is also a neglected Zone. The brief submission submitted to Commerce and Industry Minister is as follows:

a) **Administration:** SEEPZ urgently needs a capable and effective Development Commissioner and stable administration committed to growth. Since last 9 months we are having temporary DCs with additional charge who do not have sufficient time to attend SEEPZ functions and are not willing to take any major decisions.

b) **Infrastructure:** Old buildings are in pathetic condition since a long time and require immediate repairs. Over time SEEPZ SEZ has acquired a brand image that needs to be maintained and enhanced in order to reap the dividend in the long term.

Space transfer Policy

In 2013, an amendment was made restricting transfer. A uniform policy across all private and Government SEZ is not practical and will not be in the best interest of all. Many units are lying idle or hardly working. A draft policy has been prepared by the Association and shared with SEEPZ SEZ and MoC&I. This draft policy which is in the interest of all stakeholders and as per the spirit of MOC&I may be accepted. Alternatively, SEEPZ SEZ which comprises of trade representatives may be authorized to take all decisions in respect of transfer of space within SEEZP SEZ.

Finance and ECGC

Finance and separate risk assessment for studded jewellery segment is required. Studded jewellery has been clubbed with other segments of Gem & Jewellery. Studded jewellery sector is sounder than loose diamond and plain gold sectors. Banks and ECGC should be told to treat units in the Zones separately, allow higher limits and charge a lower premium. SEZ properties should be subject to mortgage. With higher ECGC limits and mortgage, bank finance will be easier.

Power

Full rate of over INR 12/- per unit is being charged to exporters in SEEPZ SEZ while that for other zones is around INR 4/-. We request your immediate intervention and help for level playing field and to reduce the cost of exports to make the same competitive in the international market.

Additional points

1) Common Facilitation Center (CFC) —SEZ Authority may be authorized to bear the cost of this.
2) GJSCI to be given larger space.
3) IIGJ to be given a space to run a training institute in SEEPZ.
4) The world has changed very much in the last 20 years. Government administration practices in SEEPZ SEZ are yet to adopt the latest needs. GJEPC and GJSCI are Section 8 companies with control by the Government and driven by the industry. If SEEPZ administration could also be converted to a similar structure, exports and employment would boom. Alternatively representation of trade in SEZ authority should be increased.

We request you to honour us by visiting SEEPZ SEZ yourself and see the good work being done.

Annexure to Agenda points to be discussed with Hon'ble Commerce Minister

Space Transfer Policy:

- Almost all available land area in SEEPZ SEZ have been utilized by building SDFs, Gem and Jewellery complexes, leased plots on which super structures are built and self-financed galas are in MIDC constructed buildings.
- Heavy demand from industry for allocation of space by new entrepreneurs and expansion of existing units while a lot of vacant space can be utilized by a simple transfer policy.
- In 2006, after SEZ Act and Rules were implemented, SEEPZ administration framed a space transfer policy in consultation with MIDC and the Industry, which worked very well till 2013 and transfers were taking place regularly.
- Between 2006 and 2013, outgoing units were entering into MOU with new investor for taking over the infrastructure at a mutually agreed price and the payment of 5% administrative charges. In principle approval was granted by SEEPZ SEZ.
- In 2013, MoC&I introduced Section 74A in SEZ Rules which provides for transfer of assets and liabilities. A policy was framed in a meeting Zonal Development Commissioners chaired by Additional Secretary which was very restrictive.
- We made a lot of representations in last 7 years to the Ministry on this issue and are still waiting for a solution.
- Second category is the ownership premises which are either in MIDC constructed buildings on 30 year lease or super structure built on the leased plots.

Transfer restricted

a) Mechanism for transfer underwent changes and transfers could happen only through transparent competitive bidding and there were lot of restrictive conditions. There were many issues with this method so transfer came to a standstill resulting in stagnating exports.
b) Hidden future liabilities like FEMA, EOW, DRI, IT which can arise in future.
c) Mortgage of premises by the units to the financial institutions.
d) High reserve price dictated by the seller.
e) The unit had to be surrendered to the SEEPZ SEZ Authority which reduced the comfort level of the seller.

Solution:

New transfer policy should provide assurance to both buyer and seller and encourage outgoing unit to part with its existing space along with infrastructure. Also the new investor should be assured that exit route is available to them without restrictions.

There are two categories of premises in SEEPZ SEZ

i) **Tenancy premises in Government owned buildings:** These were allotted on rental basis. There are about 240 such premises with an average of 6,000 sq. ft. totaling 1.45 million sq. ft. Our estimate is that about 25-30% of such units are not operational or working at sub-optimal level. These units incur heavy investment in interior works from time to time and would like to exit if they can recover their cost from a new entrepreneur.

   As there is no real estate angle, transfer under this category is simple. This could be done in a same manner as was done in between 2006-2013 where the MOU between buyer and seller was blessed by the Authority.

ii) Ownership premises which are either in MIDC constructed building on 30 years lease or superstructure built on leased plots: In this category of transfer, all the issues related to the 2013 policy were restricting transfer. The policy should give two options to the seller—either seller can choose the open auction root or can bring his own buyer whose project needs to be approved by the SEEPZ SEZ Authority.

Also policy should provide solution for large buildings constructed on the plots in SEEPZ SEZ. As existing units need relatively smaller area for expansion, they cannot fully utilize the building. Therefore, it would be advisable to split such large building into viable sizes.

There are two kinds of assets, one with relatively clean title and second category are relatively distressed assets with hidden liabilities which are mortgaged to the Banks. A simple policy for the clean assets can quickly result in availability of space.

Need for Common Facilitation Center (CFC)

It is felt that establishment of an infrastructure like CFC in SEEPZ SEZ for providing common manufacturing processes and related services will not only help in reducing cost of production in a big way but also lead to transfer of "know-how" amongst SEEPZ Jewellery Units, thereby providing a competitive advantage to them. Establishment of CFC would be a turning point for SEEPZ Jewellery Units, especially for small and medium manufacturers.

- CFC will provide access to common pool of high end capital-intensive state of art machines / equipment which are otherwise prohibitive for individual small and medium manufacturers.
- CFC facilities will be made available at a reasonable rate which will improve the output in terms of quality, productivity and yield of the finished jewellery obtained by small and medium manufacturers.
- CFC will serve as a platform for technology transfer and re-skilling of the existing artisans by providing them training on various aspects pertaining to manufacturing of studded jewellery.

We have enough funds available with SEEPZ SEZ Authority which can be utilized for CFC. We need your blessing.

Power Tariff

SEEPZ SEZ units pay an excruciatingly high power tariff of INR 13/- per unit.

This is because although enabled by the SEZ Act to be a deemed licensee, the old / existing SEZs are unable to operationalize the license as there are existing power companies which do not allow their networks to be used. And if they do allow it, then the cross subsidy element has to be levied along with the wheeling charge which then does not effectively reduce the tariff.

The new SEZs are able to give power to their units at INR 6/- because they have their own network and also do not pay electricity duty and taxes.

Hence the existing SEZs are at a disadvantage and exports suffer as the current power cost which is generally about 8 % to 12 % of a SEZ unit's sales can be brought down to between 4% and 6%, yielding a gain of almost 5% to the SEZ units and effectively removing a third of the proven disability of 15% to 18% that exporters face against China and Far East suppliers.

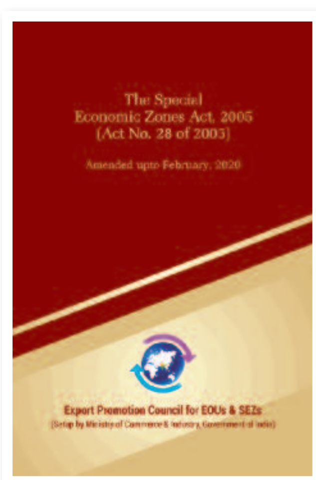
Hence it was requested that every support be given to existing SEZ Development Commissioners to operationalize the status of being a deemed licensee and provide competitive power to their units by overcoming all hurdles faced as a result of policies of Central/State Government, state's regulatory authorities, and power companies. ■

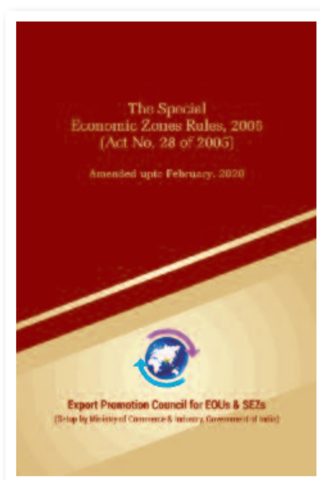
March 20, 2020

Updated Version of SEZ Act & Rules

(L to R) Shri Bhuvnesh Seth, Vice Chairman EPCES, Dr. Anup Wadhawan, Commerce Secretary, Shri Vilas Gupta, Regional Chairman EPCES-NSEZ, Shri Anand Giri, Deputy Director General EPCES, Shri Amit Yadav, DGFT, Dr. L. B. Singhal, Zonal Development Commissioner Noida SEZ

On the repeated demand from trade and industry and field formations, an updated/ amended version of SEZ Act & SEZ Rules books, till February 2020 was published by EPCES.





The updated SEZ Act & Rules were released by the Commerce Secretary Dr. Anup Wadhawan in the Ministry of Commerce & Industry, New Delhi on March 20, 2020 alongwith Shri B. B. Swain, Additional Secretary Commerce, Shri Amit Yadav, Director General of Foreign Trade, Dr. L. B. Singhal Zonal Development Commissioner Noida SEZ, Shri S.K. Behara, Additional Director, DG (EP), Department of Revenue, Shri Senthil Nathan S., Deputy Secretary, Ministry of Commerce and Industry, Shri Bhuvnesh Seth, Vice Chairman EPCES, Shri Vilas Gupta Regional Chairman EPCES Noida SEZ, Shri Anand Giri, Dy. Director General EPCES and other officials of the Department of Commerce.

The Board of Approval Meeting held on 20.03.2020 was convened through video conference due to COVID-19 pandemic situation, all the Zonal Development Commissioners were also present during the release of the Act & Rules Book through video conference.

The amended SEZ Act & Rules are available on the EPCES Website. However, EPCES will be sending a complimentary copy for amended SEZ Act & Rules books to all its members once the lockdown situation is over. ■

Webinar on Post Covid Opportunities in SEZs

Dr L. B. Singhal, Zonal DC, NSEZ mentioned that a new world order which will emerge post covid-19 in which India will offer tremendous opportunities for investment into new projects in SEZs with easy and fast approvals, and ready infrastructure for both small and large businesses. In the time to come, opportunities in services sectors such as health, aviation, education and tourism will also increase apart from the manufacturing base. There will be good opportunities for EOUs as they are capable of creating hubs in different economic activities. EOU scheme provides additional advantage of flexibility in design and geographical location as these could be set up anywhere in the country. Dr Singhal who was the chief guest was speaking at a webinar on *Post Covid-19—Opportunities in Indian SEZs* organized by the Export Promotion Council for EOUs and SEZs (EPCES) in association with ASSOCHAM on April 22, 2020. Shri R Muthuraj, Development Commissioner, Sri City SEZ was also present. Mr. Hitender Mehta, Co-Chairman, ASSOCHAM's National Council on SEZs moderated the webinar.

Dr Singhal further informed that presently in India, 242 SEZs are operational with a developed infrastructure of 40,000 hectare land and availability of 22,000 hectare land for establishment of new units. All the key approvals relating to land titles, environment and infrastructure development of these SEZs are in place. In addition, there exists an effective single window approval mechanism. Indian SEZs provide direct employment to 2.2 million people and 3 times more is the indirect employment due to backward and forward integration. Investment of approximately USD 77 billion has been made so far. The

exports from the operational SEZs for the year ended 31st March 2019 stood at over USD 100 billion.

In his welcome address Shri Bhuvnesh Seth, Vice Chairman, EPCES, complimented Hon'ble Prime Minister of India, his team in the centre, and various States Governments for managing the COVID-19 menace in the country in a most coordinated and effective manner. He further observed that there has been a total dislocation in trade and expressed hope of a bounce back as early as possible with the timely support and assistance of the Government.

Vice-Chairman, EPCES said that Dr Singhal is one of the key policy makers of the Government of India and is very well aware about the difficulties being faced by the EOUs and SEZs. The EOU and SEZ sector is providing direct employment to 25 lakh people with an investment of about Rs 6 lakh crore and bringing in to the country foreign exchange to the tune of Rs 8 lakh crore by way of export.

Vice Chairman further added that the new units starting their commercial operations latest by 30.06.2020 will be getting income tax benefit of U/s 10AA. The units commencing operation after 30th June 2020 will be deprived of the income tax benefit stipulated in the SEZ scheme. Countries like Vietnam, Cambodia, Philippines, Singapore, Malaysia and Sri Lanka are offering customized packages to investors thereby trying to attract new investment in their country. Therefore it would be best for our country to continue the income tax benefits for SEZ sector U/s 10AA at least for a period of one year.

On his part, Mr Mehta mentioned that the cost of setting-up a unit is very competitive (approximately 20% lesser) in the Indian SEZs. All imports into, and exports from, SEZs are duty free. There is no implication of GST on the lease rentals paid by the SEZ units. Moreover, the SEZ units may sell their goods to the Indian marketplace as well by paying applicable customs duties on such goods (as if such goods are being imported into India). In addition, a business-friendly foreign investment regulatory framework, all approvals in a single place, availability of low cost labour and easy availability of raw materials, make the SEZs a best case. These benefits are attractive enough for the investors seeking to move their manufacturing base/ services operations into India. He also added that any foreign company can open their branch in the SEZ without any other approval other than the approval of the concerned DC.

During the interactive session Dr Singhal took most of the questions from the participants. The major clarification provided by Dr Singhal included queries related to MHA order on opening the SEZ activities from 20th April 2020, approval process for exporters and investors in SEZs, various benefits being offered by SEZ in India and current operational issues and future scenario. He highlighted the provisions that 100% FDI through automatic route is permitted in SEZs and approvals are given in the zone itself during the Unit Approval Committee meetings. No distinction is made between the Indian investor and the foreign investor; all are treated at par.

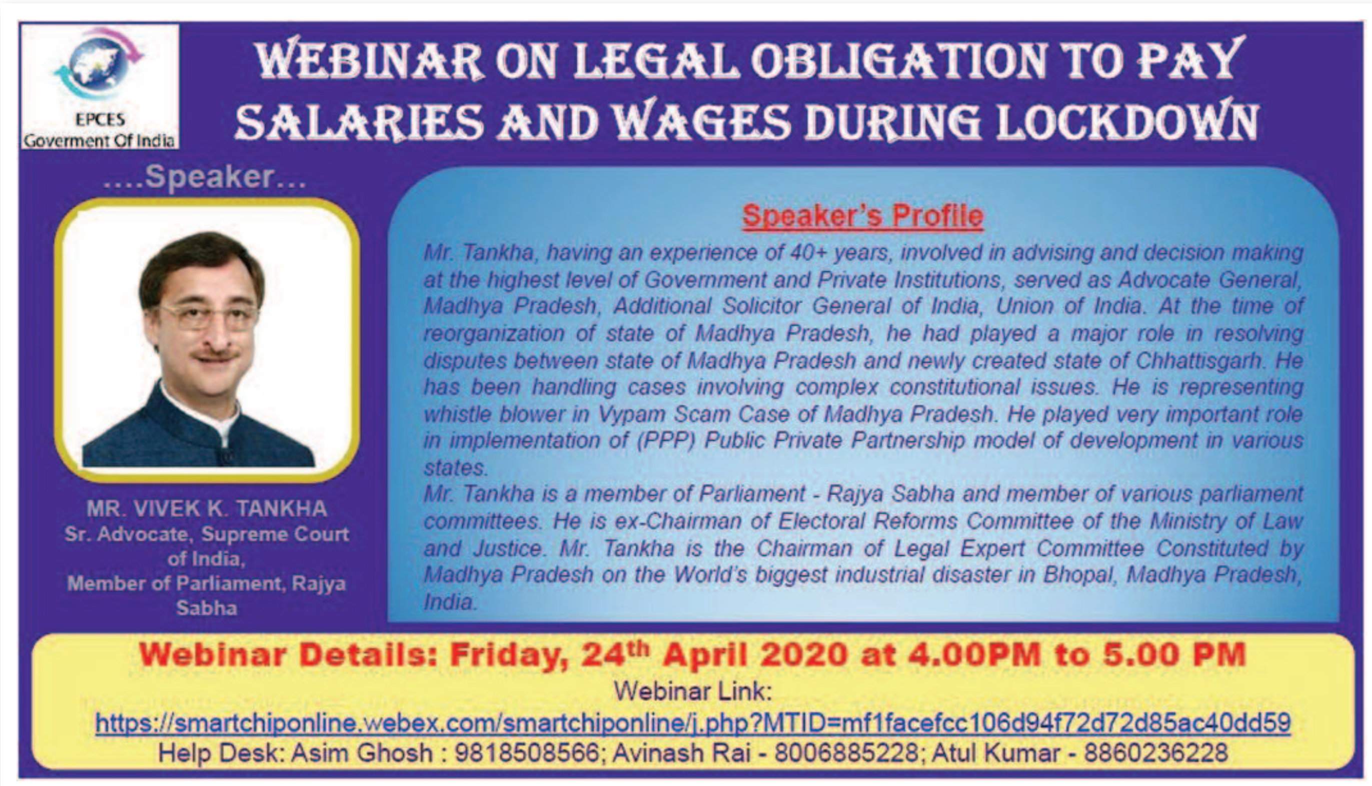
Major recommendations suggested by participants included extension of sunset clause, allowing DTA sale of services in Indian rupees, charging customs duty on duty foregone concept basis on DTA sale, package for units like waver of lease rentals by Government-owned SEZs during the lockdown period, availability of SEIS benefits to IT and ITES SEZ units, making IGST exemptions available to EOUs on permanent basis instead of half yearly basis, etc.

It was also highlighted that the Government has done commendable job in managing the lives and livelihoods by taking timely initiatives. Ministry of Commerce has responded positively by extending foreign trade policy provisions for one more year. It was expected that in the long run, India will bounce back and would take a lead in economic activities.

The webinar was attended by 180 representatives from the trade. It included participation from Indian SEZ units and EOUs, and overseas participants from Japan, Korea, USA, UAE and UK companies. The participants reported that the discussions were very informative and useful.

The webinar meeting ended with a vote of thanks. ■

EPCES Webinar on Legal obligation on salary payment



EPCES organized a webinar on April 24, 2020 to offer an insight into the legal obligation of employers to pay salaries or wages during the lockdown enforced by the Government due to the COVID-19 pandemic. The webinar examined the legal consequences arising on account of inability on the part of employers to pay salaries and wages. The webinar also threw light on the support that Governments in other nations were providing in terms of employment-related schemes.

The chief speaker was Mr Vivek Krishna Tankha, a Supreme Court advocate with over 40-years experience. Mr Tankha is a Rajya Sabha MP from Madhya Pradesh for the Indian National Congress. He's the first lawyer from his state to have been appointed Additional Solicitor General of India. He was one of the youngest Advocate Generals of Madhya Pradesh. He was Chairman of the Electoral Reforms Committee of the Ministry of Law and Justice / Election Commission of India. He has been a member of the Legal Expert Committee constituted by Madhya Pradesh on the Bhopal gas disaster. He has been member of various high-powered committees constituted by various departments of the Government of India, as well as Indian states. He is also a philanthropist and social activist.

Shri Alok Mukherjee thanked and welcomed Shri Vivek Tankha for accepting EPCES' invitation for this webinar. He also thanked the member participants for overwhelming response, since over 500 members participated in the webinar.

Shri Tankha opined that if you don't pay salary with proper justification then you will not be considered guilty. Further you don't know how long the lockdown will continue and therefore for how long you have to pay salary.

Further, if you pay salary to your employees during lockdown for 2-3 months but after the lockdown the same employees didn't return back, what will be the remedy? Hence it will not be possible without financial aid from the Government. Other countries are supporting businessmen for paying salary to their employees. The MHA order is binding but not practical unless Government provides financial support.

Questions and Answers

Some employees are saying that they will not work from home but they want salary?

If the employee is in a position to work from home but still not working and refusing to work, your deducting his salary is not wrong.

There is a confusion regarding who is employee or worker. Whether all, including big salaried employees are covered in this order?

Anybody working for you.

Do we have to pay full salary to contract workers, whom we are not sure whether they will come back?

Yes.

How long we have to pay if lockdown extended?

If you have a reasonable reason, you don't pay.

50% of our employees are working from home. If we convince them that we will pay after lockdown, will it be okay?

Yes.

If the workers are provided by contractor, can we recover from contractor if the worker didn't return after lockdown?

Yes

If an employee did not collect his salary at the end of the month?

Technically employee is on leave and you have to pay.

Garment sector is labor intensive and our payment is stopped. We have mutual funds which are very low. How do we pay?

If you have a justification you will not be considered guilty.

Do we have to pay for Sundays?

Yes. Workers are privileged to have holidays.

Some workers are not in a position to come due to lockdown. Some can come but are not coming?

People who are in a position to come but refusing, need not be paid.

Does the Government have any obligation?

Yes Government has an obligation. But if you have money today, you have to pay.

Do we have to pay someone whose contract expired during the lockdown?

You do not have to pay. As per law you have right. But bank interests on EMIs, service charges and other obligations are postponed by Government.

Suppose employee is not even replying, do we have to pay?

Send an email that since you are not responding we will not pay the salary.

Can we lay off non-essential staff with proper notice?

Not possible.

We pay the labor as per the weight lifted by them. Are we bound to pay?

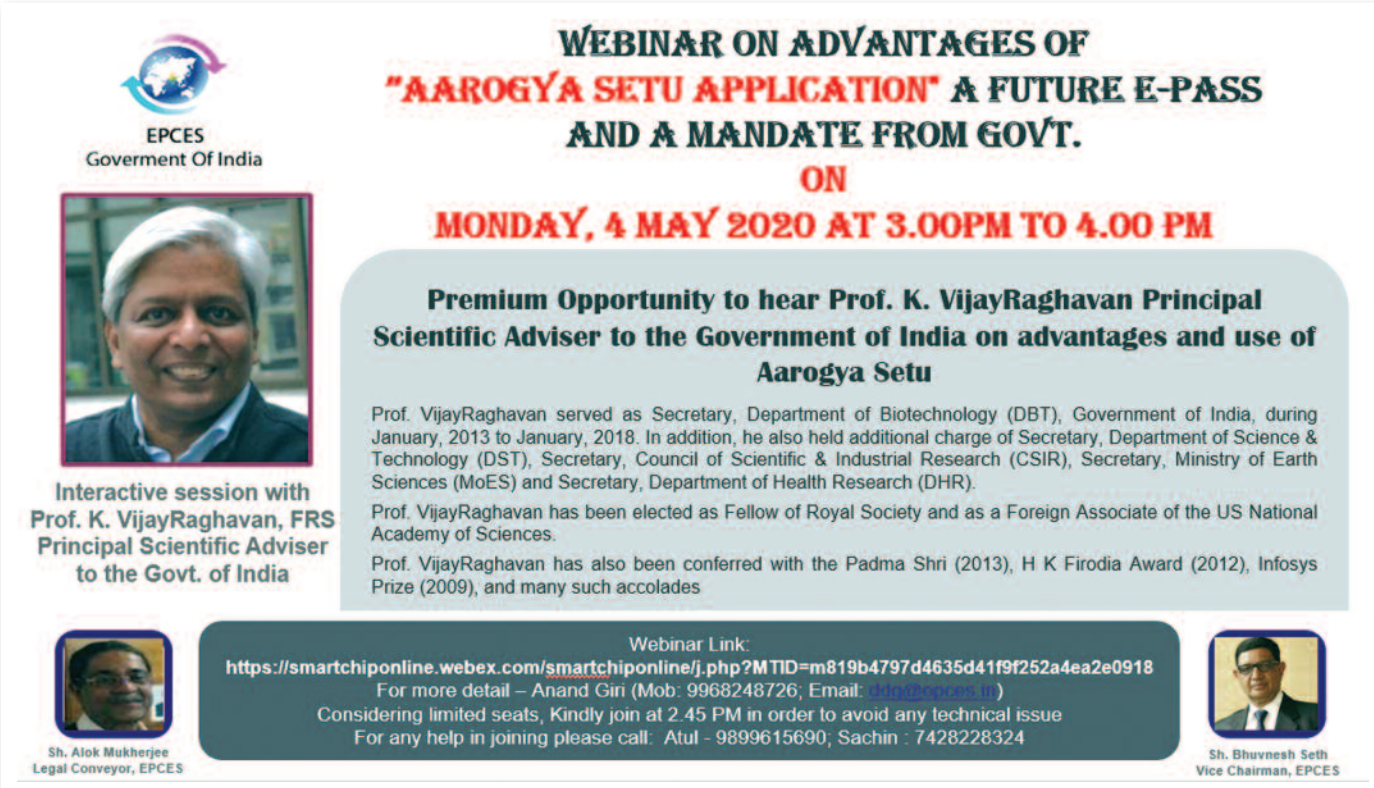
Yes but how much is a technical question.

There were a number of questions from the participants but due to time constraint all could not be responded.

The webinar then ended with a vote of thanks by Shri Anand Giri, Deputy Director General, EPCES. He specifically mentioned the names of Shri Bhuvnesh Seth, Vice Chairman EPCES, Shri Alok Mukherjee, Convenor Legal and Policy Panel, for his guidance. Special mention was, of course, reserved for Shri Vivek Krishna Tankha, MP and Advocate, for agreeing to address the webinar and for replying to the queries. ■

May 4, 2020

WEBINAR ON ADVANTAGES OF AAROGYA SETU APP



Our Prime Minister in his address to the nation on 14 April 2020, requested citizens to make maximum use of Aarogya Setu Application. There are many advantageous features of this application. For a better understanding, citizens are advised to look at "how to use" and "what are the advantages" links in the app.

In order to update all the advantages of the Aarogya Setu Application, EPCES organized a webinar on Monday, 4 May 2020 at 3.00 PM to 4.00 PM in which Professor K. VijayRaghavan, Principal Scientific Adviser to the Government of India who is the key official instrumental for launching and popularizing this application, apprised the advantages of the Aarogya Setu Application and also answered the questions raised. He informed participants about the origin of COVID-19 pandemic as well as its symptoms. He outlined steps taken by the Government of India to fight the virus. He said that the digital trace of an infected person is required for which the app had been made. He briefed participants on the advantages of the app.

Earlier, Shri Alok Mukherjee, Convenor EPCES Panel on Legal and Policy Matters, welcomed Professor VijayRaghavan and thanked him for agreeing to address the webinar at short notice. The webinar was attended by over 150 participants.

Some Advantages of Arogya Setu App:

- It is Indian COVID-19 tracking mobile application.
- It is developed by the National Informatics Centre which comes under the Ministry of Electronics and Information Technology.
- Purpose:
  - o To spread awareness of COVID-19.
  - o To connect essential COVID-19-related health services to the people of India.
- It uses the smart phone's GPS and bluetooth features to track the coronavirus infection.
- With bluetooth, it determines the risk if one has been

near (within six feet of) a COVID-19-infected person, by scanning through a database of known cases across India.

- Using location information, one can determine whether a particular location is one of the infected areas.
- It is an updated version of an earlier app called Corona Kavach (now discontinued).
- Individuals and authorities shall remain informed in case they have crossed paths with someone who has tested positive for coronavirus.
- It works on Bluetooth-based technology. Absence of internet connectivity won't pose a problem.
- The app recommends several measures such as Self Assessment Test, Social distancing, do's and don't.
- It informs about the precautionary measures.
- As per the statement by the Prime Minister's Office, it could also be used as an e-pass for traveling.
- In case, a user is at high risk, the app will advise him/her to go for a test at a nearby testing centre and call the toll-free number 1075 immediately.
- The helpline number for each state is also available.
- Across India, there are efforts to build databases of people's health records to enable easier treatment, including through telemedicine.

Some of the questions raised and answers provided by Professor VijayRaghavan are given below:

When and how long will it take for this disease to go away?

No idea. Drug has been identified. Vaccine has been found but still it will take 10-12 months as we don't know the nature of the disease.

How we can keep ourselves safe if we don't know the nature of the disease?

By keeping in mind the following things we can keep ourselves safe:

- Wear face mask
- Complete hygiene is required
- Sanitize your hands and wash properly
- Don't touch your face and after touching again clean your hand
- Keep social distancing.

How do we do testing? Shri Mukherjee asked whether this is a surveillance application? He further added that this application is for smart phones and not compatible for feature phones. In India there are approximately 40 crore feature phone users and if they are unable to upload this app on their phone then how this missions will get success. He further suggested that Hon'ble Prime Minister of India is providing free gas cylinders, food etc., they should think about providing compatible mobile phones to the needy?

Professor informed that Aarygya Setu works is not only for smart phone but for feature phones as well.

How secure is this application?

When you login, your details go into the safe records of the Government server dedicated to coping with the COVID-19 pandemic. All this data will be deleted afterwards. This is safer then the credit card and debit cards which are in use on a very large scale.

Will Indian Government also share details of technology of this application with other countries?

To this he answered in the affirmative.

What about the data. Will the data of the app also be shared?

Nothing is being shared. If you don't have symptoms of COVID-19 your data will be deleted from the server within 15 days. After the epidemic is over, all data will be deleted.

While delivering the vote of thanks, Mr Anand Giri, Deputy Director General EPCES, informed that the Aarogya Setu Application has been developed by the Ministry of Electronic & Information Technology under a PPP Model. This is India's latest weapon to combat the COVID-19 pandemic. He further said that EOU/SEZ community has been enlightened and has benefited from the vast knowledge and experience of Professor VijayRaghavan. On behalf of EPCES Vice Chairman, the managing committee and its members, Mr Giri thanked Professor VijayRaghavan for sparing his valuable time in educating the EOU/SEZ community on this important issue. He also thanked the members for their participation. ■

WEBINAR ON COVID-19: KEY LEGAL ISSUES FOR BUSINESS

Export Promotion Council for EOUs and SEZs (EPCES), Chennai Region organized a Webinar on COVID19 –Key Legal issues for Business on 2nd May, 2020 under the leadership of the Regional Chairman, Shri. Dhinesh Kumar Varadharajan. The experts from A K Mylsamy and Associates LLP - Mr. K K Balu, Advocate and former Judge, Company Law Board on issues relating to payment of wages and salaries, Mr. Suman, Advocate , Managing contracts during and after covid and Mr. Ramanujam, CA, issues arising out of Income Tax, Accounting standards and Restructuring handled the subjects.

Dr. M. K. Shanmugha Sundaram IAS, Zonal Development Commissioner, MPEZ was the Chief Guest. Mr. S Anand, Regional Vice Chairman, Ms. Kalyani, Regional Director, Mr. Bhuvnesh Seth, V. Chairman, EPCES, Mr. Anand Giri, DDG, Ms. Anjali Malik, DD, EPCES, Mr. Alok Mukherjee, Legal Advisor and Convener, EPCES and other regional officers were present in the webinar. The Webinar was a grand success with a participation of around 420 people from all over the country.

After a brief introduction by Shri Dhinesh Kumar Varadharajan, Regional Chairman, Shri S Anand, Regional Vice-Chairman introduced the speakers to the participants. Shri Alok Mukherjee, Legal Advisor, EPCES gave an update on the current scenario and the difficulties being faced by the exporters in the crisis situation.Shri Anand Giri, DDG of EPCES welcomed the Speakers as well as the participants.

Dr M. K. Shanmuga Sundaram IAS, DC, MEPZ addressed to the participants sharing his views that India has the potential and skill to grow back fast, post COVID and reminded that we should try to adapt to the new normal ways to live with COVID rather than waiting for the COVID to run away. His view was that there would be tremendous opportunities for growth which all entrepreneurs should cash in time.

Mr. K K Balu, Advocate and former Judge explained very clearly, the scope of the MHA order, Govt. of Tamil Nadu order, disputes challenging the MHA order in various courts and the advisory from the labour Ministry, Govt. of India regarding payment of wages during the lockdown period and detailed the scope of these orders in the present situation. He observed that all orders were issued under the Epidemic Disease Act and Disaster Management Act which promulgate punishments such as imprisonment and fine. The GO issued by MHA, Govt. of India under Section 10 (2) of the DM Act is not very specific and contains directions in the context of the disaster. The direction for payment of wages as per this order has been challenged and is under the consideration of the Supreme Court of India.

At present, generally, in contract employment, Force Majeure clauses are not included. Hence, he suggested that a mediation procedure by mutual discussion may be taken in cases where payment has to be deferred / curtailed to arrive at conciliation. From the legal angle, the employer has the option to terminate/ retrench / layoff the workmen strictly in accordance and compliance with the provisions of the Industrial Dispute Act or Shops & Establishments Act. Inspecting the Govt. orders and the Acts under which the orders are issued, there is no prohibition to enforce the rights of the employer as per the respective labour legislations.

He also remarked that all industries or establishments or entities, apart from facing financial crisis, will entangle with a plethora of disputes post COVID 19, on account of inter alia enforcement of contracts, supplies & payment, disputes on accounts of agreements, tenancy of lease, statutory compliances, etc. Disputes from many directions will have to be faced as everyone would be fighting for enforcement of his rights. In this regard, he opined that an approach of Mediation would be the best way as Mediation is legally recognized in India and as far as international trade is concerned, India is signatory to the Singapore Convention which promotes mediation settlement.

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Sri Suman, Advocate talked about "Managing contracts during and after COVID". In his talk, he emphasized the importance of contracts in business and how it can do good / bad when crisis situations arise. In the present scenario, many of the businessmen do not have proper understanding of their contracts and provision for Force Majeure is available in very few cases, that too with irks and bugs to evoke / claim the same. The available contracts have to be inspected carefully taking external support if necessary and provisions which could be helpful or which could be made helpful need to be identified. He said that the COVID being a global pandemic, the lockdown conditions and working situations are different in different parts of the world and our exporters have to comply the requirements of their clients an fulfill the contractual obligations. He urged the exporters to be very careful with the renegotiation clauses, be ready with alternatives, optimize the approach towards contracts, read the contracts thoroughly, take the assistance of internal or external legal team for legally wording the terms and also for understanding the contracts existing as well as those coming in future and ensure completeness of the contracts which will help to deal with it in a holistic manner. Contracts are foundations to businesses in many perspectives and therefore should not be compromised.

Sri Ramanujam, CA presented his views on the topic "Issues arising out of IT Standards and re-structuring" . He cautioned the exporters that the Institute of Chartered Accountants of India has come out with a new auditing and Assurance Standard with a view to protect the practicing chartered accountants, especially in the COVID scenario, form any allegations in future. They have recommended very strict audit conditions which would put the businessmen in trouble as they would not be able to show business during the COVID Lockdown period. If the Govt. of India had extended the financial year to June and frozen the period from March to June, the problem would have been much lesser. However, in the present conditions, he requested the exporter to be extra careful during audits and in case of any difference of opinion with the auditors, take legal support if necessary to clear out the same for the benefit of the company. Regarding Taxes and other statutory norms, he said, though the Government has extended the time limit up to June 2020, there would be additional payments involved, like 9% interest in the case of TDS, etc and hence the exporters may carefully understand the details. Coming to restructuring of the business, he said there are four options available viz. (1) continuing as it is (2) Getting support by taking a partner (3)Selling the business for a good value and(4) Closure if there is no other way. He urged the exporter to plan the restructuring strategies fast and opined that the present time motto would be "Survival of the Fastest".

During the interactive session, only few questions could be taken due to time constraint and all others were given email reply to their queries.

The participants reported that the webinar was very well organized and the discussions were very informative and useful. The meeting ended with a vote of thanks. ■

May 1, 2020

Webinar on Opportunities and Challenges for EOUs and SEZs

From time to time the Government has come up with graded lockdown guidelines and announced a slew of measures to revive industrial activity in India. To get a proper grip on what has been going on, and in order to apprize the EOU and SEZ community on the various relaxations and clarifications announced, EPCES organized a webinar broadly titled Opportunities and Challenges for EOUs and SEZs in view of Government Relaxations and Clarifications on May 1, 2020. The areas in focus were direct and indirect tax, Customs, FTP, SEZs and working out of home.

EPCES invited Shri Sobhit Gupta, Deputy Director General of Foreign Trade and Shri Abhisek Jain, Deputy General Manager and RM ECGC, as speakers from the Government departments. While Shri Gupta apprised participants about the relaxations and clarifications issued by the DGFT, Shri Jain spoke on relaxations and clarifications by the ECGC.

EPCES also invited some other expert speakers to share their professional opinion and also give their expert guidance to the participants with regard to the areas of their expertise:

- Shri Rajiv Chug, Partner, EY India – Direct Taxes, Indirect taxes and SEZ, FTP related matters
- Shri T. Vishwanathan, Principal Partner L & S- Customs FTA, FTP updates
- Shri Hitendra Mehta, Managing Partner, Centrum Legal – SEZ Policy and Procedure and wages orders.

Mr. Alok Mukherjee, Convenor, EPCES Policy and Legal Panel welcomed all the speakers and the participants. He thanked the dignitaries for taking out time for giving their valuable information and guiding the participants with their expert advise/opinion during the lockdown period about the various steps taken by the Government. He also informed the participants that the speaker will tell them about the issues arising due to the COVID 19 pandemic situation and also reply to their queries at the end of the webinar. He then requested Vice Chairman EPCES Mr. Bhuvnesh Seth to address the participants.

Mr. Bhuvnesh Seth, Vice Chairman EPCES greeted the speakers and participants and informed that the participants will benefit from the valuable guidance and suggestions by the expert speakers. He then updated the participants about the various issues that he has taken up with the Commerce Minister Shri Piyush Goyal, Commerce Secretary Dr. Anup Wadhawan, Director General of Foreign Trade Shri Amit Yadav, and other Government departments during the video conferencing meetings. He further informed that due to ECPES representations the Government's different departments have issued relaxation and clarifications. EPCES is hopeful that more relaxations will be provided by the Government. He then requested Shri Shobhit Gupta, DDGFT to brief about the relaxation and clarifications issued by DGFT for EOU/SEZ sectors.

Contd. on page 47

HON'BLE GOVERNOR PRESENTS EXPORT AWARDS

EPCES and Development Commissioner MEPZ SEZ organized the EPCES Export Award for the year 2016-17 and 2017-18 to the units under the jurisdiction of Development Commissioner MEPZ SEZ on Saturday, February 8, 2020.

Hon'ble Governor of Tamil Nadu, H.E. Banwarilal Purohit participated as Chief Guest and presented the Export Award to the EOUs, SEZ units and SEZ developers, at the C.T.S. auditorium, MEPZ-SEZ, Tambaram, Chennai.

Thiru. Banwarilal Purohit, Hon'ble Governor of Tamil Nadu welcomed by Mr Bhuvnesh Seth, Vice Chairman, EPCES

On this occasion, Shri M.C. Sampath, Hon'ble Minister for Industries, Government of Tamil Nadu, Shri T.R. Balu, Member of Parliament, Shri S.R. Raja, Member of Legislative Assembly, Shri. D.K. Sekar, IAAS., Additional Director General of Foreign trade, Dr. M.K. Shanmuga Sundaram, I.A.S., Development Commissioner of MEPZ SEZ, Shri Bhuvanesh Seth, Vice Chairman of EPCES, and other dignitaries including Dr. D. Anandan, Joint Development Commissioner MEPZ SEZ, Shri Dhinesh Vardharajan, Regional Chairman EPCES MEPZ SEZ, Shri Anand Giri, Deputy DG EPCES, Ms. R. Anitha Nandhini, Deputy Development Commissioner were present.

Lighting of the lamp by the dignitaries

Dr. Sundaram welcomed all the dignitaries and delivered the introductory address and briefed about the EOU/SEZ scheme's progress and status in Tamil Nadu.

Shri Seth while addressing the august gathering mentioned that EPCES had completed 17 years of its service to the EOU/SEZ sector. In the last 15 years there has been remarkable growth in exports from EOU/SEZ sector. During the year 2018-19, exports from this sector stood at US$ 112 billion which is 1/3rd of India's total exports. He further added that in spite of global recession

LEFT: The Chief Guest Thiru. Banwarilal Purohit, Hon'ble Governor of Tamil Nadu addressing the gathering. **RIGHT:** Shri Bhuvnesh Seth addressing the august gathering

in the first 9 months of this financial, an export growth of 14.46% has been registered in SEZ exports. Vice Chairman EPCES explained the objectives of EPCES and thanked the Ministry of Commerce & Industry, Ministry of Finance, all the development commissioners and concerned wings of the Government of India. He specifically thanked Dr. Sundaram and Shri Vardharajan and all the team members for putting in their best efforts and assisting in the organization of the event. Shri Seth heartily congratulated all the awardees.

While addressing the gathering, Hon'ble Governor expressed his pleasure to be a part of the event and presenting the Export Awards to illustrious exporting units operating in Tamil Nadu under EOU and SEZ schemes. Hon'ble Governor said that EOUs and SEZs are not only manufacturing goods and services for our country, but by exporting them to other countries EOUs/SEZs are also earning precious foreign exchange which is a yeoman service for the nation.

The objective of the awards is to recognize the meritorious contributions of the EOUs and SEZ units in Tamil Nadu towards increasing exports, generating employment, attracting foreign investment, bringing new technologies, adopting best managerial practices, providing world-class infrastructure and carrying out various socio-economic development activities.

Hon'ble Governor expressed happiness that EPCES is recognizing the export performance of EOUs and SEZs in 2016-17 and 2017-18 by presenting the Export Awards. Altogether 80 awards were distributed. He congratulated all the award-winners and extended his good wishes to them. He further added that the EoU and SEZ schemes of Government of India are the engines of export growth contributing about one-third to national exports. EPCES plays a pivotal role between exporters and the Government in accelerating this export growth. At present, more than 7,000 EOUs and SEZ units are operational in the country. Exports from EOU and SEZ sector during 2018-19 was to the extent of Rs 7,88,000 crore (approximately US$ 112 billion).

The sector provides direct employment to more than 2.5 million people with an investment of more than Rs. 5.50 lakh crore. Continuous rise in exports along with increase in employment generation is a healthy trend for the overall economy of the country. There are 238 operational SEZs as on date of which 41 are in Tamil Nadu alone. Similarly out of 1,751 EOUs in the country, 351 are functional in Tamil Nadu and Puducherry, constituting 20 percent of the total EoUs in the country. Renowned multinational companies like HCL, Cognizant Technology Solutions, WIPRO, TCS, Ford Motors, Fengtay Group, L&T, Mahindra, DLF, etc. have set up SEZs in Tamil Nadu. "I am also happy to see the participation and support from Government of Tamil Nadu in the establishment and development of SEZs," he said.

H.E. Banwarilal Purohit further mentioned that the SIPCOT (State Industries Promotion Corporation of Tamil Nadu) and ELCOT (Electronic Corporation of Tamil Nadu) together have 11 operational SEZs in Tamil Nadu. Exports from SEZs in Tamil Nadu amounted to more than Rs 1,00,000 crore last year, a record performance. "I proudly inform you that Tamil Nadu stands first in the Good Governance Index of states as well as in the list of Best Performing States in India. The

Thiru. Banwarilal Purohit, Hon'ble Governor of Tamil Nadu presented the Awards at the EPCES Annual Export Award Fuction organised by EPCES & MEPZ SEZ at C.T.S. Auditorium, MEPZ-SEZ, Tambaram, Chennai on February 8, 2020. Thiru. M.C. Sampath, Hon'ble Minister of Industry and other dignitaries were present

state of Tamil Nadu has conducive and comfortable business and industrial climate. That is why many multinational companies like to set up their business establishments in the state."

He added: "We all know that the country's one-third textile business is from Tamil Nadu. So we call it as textile valley of India. The State is a national leader in leather with 60 percent share in finished leather production. Tamil Nadu is one of the top 10 automobile hubs in the world. It accounts for 45 percent of motor vehicles exported from India. It is also the largest tyre manufacturer in the country. In Chennai, three cars are produced every minute, 10 motorcycles in a minute and one truck every 2 minutes. In the heavy engineering sector, Tamil Nadu ranks second in the country. The state is not only India's, but also world's software hub. The contribution of IT sector in generating employment is immense. More than 4 lakh people are directly employed in IT companies while more than 7 lakh people indirectly employed in the sector.

Hon'ble Governor said that "the exports from this sector is increasing year on year and has reached about 18 billion US dollars last year, an incredible achievement. Tamil Nadu has one of the best IT infrastructures in the country. Tamil Nadu ranks second in India in computer, electronics and optical products manufacturing by accounting for 16 percent of national production. The state accounts for 10 percent of National pharmaceutical production. Tamil Nadu has the distinction of having India's second Defence Industrial Corridor connecting 5 cities. The overall exports from the state during 2018-19 was Rs 2,18,312 crore. Tamil Nadu ranks third in exports among all states in the country."

He said, "Here, I reiterate the importance of preserving our ecosystems in the best possible manner. *Swachh Bharat Mission* is especially devised for keeping our environment clean and green. We should play a very positive role in it. It is important to keep our households, neighborhoods, factory areas neat, clean and green. I am sure that all the award-winners and other EoUs, SEZs and SEZ developers will continue their efforts in bringing investment, creating jobs and enhancing exports in the state of Tamil Nadu and India as well. Once again, I convey my warm felicitations to all the awardees and wish them success in all their endeavours in nation building."

Shri Vardharajan placed the vote of thanks. He specifically thanked Hon'ble Governor of Tamil Nadu, Hon'ble Industry Minister of Tamil Nadu, Hon'ble MP and Hon'ble MLA, Development Commissioner MEPZ SEZ, Additional DGFT, Joint Development Commissioner, Vice Chairman EPCES and all the officials present. ■

February 3, 2020

EXPORT AWARDS FOR EXCELLENCE

LEFT: Lightening of Lamp. **RIGHT:** Shri Bhuvnesh Seth, Vice Chairman EPCES presenting Memento to Shri D.V. Swamy, IAS, Zonal Development Commissioner CSEZ

EPCES and Cochin SEZ combined to organize an export award function for the year 2016-17 and 2017-18 on February 3, 2020 at Bengaluru. Shri D.V. Swamy, IAS, Development Commissioner, CSEZ, and Shri T V Ravi, IRS, Director, Tobacco Board who is also in charge as the Director General of the EPCES, were the guests of honor at the function.

Since the chief guest of the function, Hon'ble Minister for Large and Medium Industries of the Government of Karnataka could not attend due to some urgent unexpected program change, he had nominated Shri S R Satheesa, MD, VITC, to represent the Government of Karnataka.

The awards were presented to Best SEZ Developers, EOUs and SEZ units for achieving excellent export performance in the year 2016-17 and 2017-18 under the jurisdiction of Development Commissioner, Cochin SEZ.

Addressing the gathering, Shri Swamy congratulated all award winners for their sincere efforts in recording excellence in exports. The EOU/SEZ sector has been providing both direct and indirect employment and is encouraging the manufacturing and service exports. He further added that in the manufacturing sector, there is lot more potential for increasing the business. Many EOUs who started by manufacturing in small scale have updated and broadened their product range and have switched over to the SEZ sector in Karnataka. In IT sector there is need to look forward to high end products like artificial intelligence, robotics process automation, etc.

The Zonal DC, CSEZ pointed out that over the years technology has revolutionized the world. He also made a request to EPCES to help and assist the exporters to remain in tune with the technology breakthrough by organizing programs for the adaptation, commercialization and continual improvement by training, research and development.

While addressing, Shri S.R. Satheesha, MD, Visvesvaraya Trade Promotion Centre, said that the Government of Karnataka is taking a keen interest in promoting the manufacturing sector and there is a need to support it. Accordingly the State Government has identified various regions for setting up manufacturing clusters to foster innovation and product diversification. He further said that *Kalaburgi* has been designated for manufacturing solar power goods, *Chitradurga* for manufacturing LED lights, *Hassan* for manufacturing sanitary goods and *Koppal* for manufacturing mechanized toys, *Chikkaballapur* for mobile phone components, *Tumkur* for sports and fitness goods, *Shimoga* for health and wellness.

Managing Director, VTPC further said that Government of Karnataka is planning to organize Global

LEFT: From L to R: Shri T.V. Ravi, DG EPCES, Shri Bhuvnesh Seth, Vice Chairman EPCES, Shri D.V. Swamy, IAS, Zonal DC CSEZ and Shri S.R. Satheesha, MD – VTPC. **RIGHT:** Group photo of Awardees

Investors Meet between November 3 and 5, 2020 at Bengaluru with a view to attract investments into the state.

During his address Shri Bhuvnesh Seth, Vice Chairman, EPCES said that EPCES Cochin presented Export Awards to best EOUs/SEZs/SEZ Developers from the state of Karnataka and Cochin. EPCES has completed 17 years of its service to the EOU/SEZ Sector. During this period, the export of this sector has risen from Rs. 33,647 crore in the year 2002-2003 to more than Rs.7, 80,000 crore in the year 2018-19, i.e. more than 23 times, and with an overall contribution of one-third in India's exports. EOU/SEZ Scheme is providing direct employment to approximately 25 lakh people. He further said that SEZ scheme has shown continuous growth since inception. Investment of Rs.5,21,631 crore has been made and direct employment of over 21 lakh people have been created and exports have gone up from Rs.22,840 crore in 2005-2006 to Rs.7,01,179 crore in 2018-2019 in SEZs.

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—Bhuvnesh Seth
Vice Chairman, EPCES

Shri Ravi in his address informed that export awards are a token of appreciation for the exporters for their commendable export performance. He facilitated all the award winners for their best efforts in increasing the country's export.

Director General, EPCES remembered that India was one of the first in Asia to recognize the effectiveness of Export Processing Zone (EPZs) module in promoting exports with Asia's first EPZ set up in Kandla in 1965. The SEZ Act and Rules were enhanced in 2006. The SEZ policy aims to provide for single window clearance to provide all permission under one roof and thereby providing for ease of doing business to investors. He also added that EOU and SEZ schemes are complementary with one another and are engines of economic growth of the country. EOUs and SEZs provide both direct and indirect employment generation.

He assured that EPCES will continue to provide necessary support to the EOUs/SEZs/SEZ Developers to excel as leading employment providers and foreign exchange earners, thereby continuing to play a critical and significant role in the country's economy.

EPCES Export Awards were presented by Shri Swamy, Shri Ravi, Shri Seth, Shri Satheesha, Shri Naveen Kushalappa, Joint Development Commissioner, Shri Saju K Surendran, Deputy Development Commissioner and Shri Anish Muraleedharan, Deputy Customs Commissioner CSEZ.

While proposing vote of thanks, Shri Y. Chidanandaih, Regional Director EPCES-Bangalore, thanked all the dignitaries for taking their time off from their busy schedules and attending Export Awards function. He also thanked the DC office staff and EPCES secretariat for their support and hard work to make the event a grand success. ■

FALTA SEZ FUNCTION

LEFT: Dr. B.K. Panda, Zonal Development Commissioner, along with Shri Anand Giri, DDG, EPCES during national anthem and guard of honor.
RIGHT: Dr. B.K. Panda, Zonal Development Commissioner initiating plantation drive

Regional Office EPCES FSEZ in association with Office of Zonal Development Commissioner, Falta Special Economic Zone (FSEZ), organized EPCES Export Award Function for the year 2016-17 and 2017-18, at 11 am on Sunday, January 26, 2020 at the FSEZ premises. Dr. B.K. Panda, Zonal Development Commissioner Falta SEZ, presented the awards to the best performing EOUs and SEZs and SEZ Developers during 2016-17 and 2017-18.

Prior to the EPCES Export Award function Dr. Panda hoisted the national flag and paid homage to Mahatma Gandhi, the Father of the Nation. He was joined by Shri Anand Giri, Deputy Director General EPCES, Dr. Sabyasachi Ghosh, Regional Director EPCES, and officials and staff of Falta SEZ. Following the hoisting of the flag, Dr Panda and Shri Giri proceeded to initiate a plantation drive along the boundaries of the FSEZ.

It was informed that with the efforts and directions of Dr. Panda encroachment alongside the boundaries of the Zone was removed. Dr. Panda further gave directions to the officials for starting fencing work immediately.

After the plantation, EPCES Export Award Function got underway following a choir singing session. Immediately after, Mr Giri delivered his welcome address. He thanked Dr Panda for agreeing to present the EPCES Export Award. He informed that the objective of the awards presentation was to recognize the efforts of EOUs and SEZ Units under Falta SEZ for increasing exports, generating employment, attracting foreign exchange, bringing new technologies, putting in best managerial practices, providing world-class infrastructure and undertaking various socio-economic development activities.

Shri Giri further informed that at present more than 7,000 EOU/SEZ units/ SEZ developers are operational under these schemes. Exports from EOU/SEZ Sector during 2018-19 was to the extent of Rs.7.88 lakh crore (US$ 112 billion), providing direct employment to more than 25 lakh people with an investment of more than Rs. 5.50 lakh crore. At present 12 SEZs are operational under the jurisdiction of Falta SEZ. Various national and international players like Tata Steel, Vedanta, Wipro, Dalmiya, TCS, DLF, are operating under Falta SEZ. He wished that the award winners and other EOUs and SEZs under the able guidance of Dr. Panda would continue their efforts in bringing investment, creating employment and enhancing exports from the country.

Dr. Panda in his addressed mentioned that exports from SEZs were to the extent of USD 100 billion during 2018-19. There are 14 states under the jurisdiction of Falta SEZ and total 12 SEZs are operational under Falta SEZ. One SEZ in Nagaland is under progress. Tata Steel

LEFT: Dr. B.K. Panda, Zonal Development Commissioner Falta SEZ addressing the EOUs & SEZs under his jurisdiction.
RIGHT: Shri Anand Giri, DDG, EPCES delivering the welcome address during the EPCES Export Award Function

A group photograph of the awardees with Dr. B.K. Panda, Zonal Development Commissioner, Falta Special Economic Zone after the award ceremony

SEZ is under process of establishment. He complimented all the awardees and wished them all success in their future endeavors.

Subsequently the awardees for the year 2016-17 were called and Dr. Panda presented the awards to the overall best formers in the zone from EOUs, SEZ units and SEZ Developers categories and category-wise best performers from MSME and other than MSME units from EOUs, SEZ units under his jurisdiction. Awardees for the year 2016-17 and 2017-18 were as under:-

Dr. Panda also thanked all the participants, awardees and musical group members and his staff for organizing and attending the award function. He thanked EPCES for presenting awards to its members for their meritorious efforts in increasing exports, generating employment and attracting investment in the SEZ scheme and contributing for the export growth of the country.

Dr. Ghosh thanked Development Commissioner Falta SEZ for presenting the awards and thanked all the participants for sparing their time for this event. He requested them all to join for lunch arranged by the office of Development Commissioner Falta SEZ. ■

The RoSCTL Advantage and How to Look Beyond the MEIS

By Spandan Sharma

The Rebate of State & Central Taxes and Levies (RoSCTL) Scheme is an export incentive in the form of transferable and sellable duty credit scrips offered on the basis of the FOB value of the export. It replaces the Rebate of State Levies (RoSL) scheme, a monetary incentive scheme under which Customs would deposit the rebate directly into the exporter's bank account.

The Ministry of Textiles notified the introduction of RoSCTL in March 2019. It was followed by the release of the RoSCTL rate list and a CBIC notification on the scheme.

The introduction of RoSCTL was seen as India's reaction to the increasing international pressure on export incentives provided by the Indian Government. The US, in particular, has been very vocal, urging the discontinuation of export incentive schemes like the Merchandise Exports from India Scheme (MEIS) on the grounds that they flouted the WTO Agreement on Subsidies and Countervailing Measures. Notably, the US also objected to Export Oriented Units (EOU), Electronics Hardware Technology Park (EHTP), Export Promotion Capital Goods (EPCG), Special Economic Zones (SEZ), and Duty-Free Import Authorization (DFIA) schemes at various points in 2019.

Despite the WTO's objections, the MEIS looks set to continue, at least till the new Foreign Trade Policy is introduced in April 2020. However, in the long term, the MEIS is an unviable export incentive, and hence the RoSCTL has been introduced.

Who can benefit from RoSCTL?

The benefits of RoSCTL are available to exporters of readymade garments and made-ups for now. The scheme aims to help them cut high logistics and other costs and enable them to compete globally. An exporter can benefit from this scheme for all exports done after 1st April 2019. For exports made prior to this date, the eligibility criteria of the RoSL scheme would be applicable. The rebate for such exports was allotted out of the RoSL scheme fund, on exhaustion of which DGFT would issue scrips, but at RoSL rates.

If you wish to claim a rebate under the RoSCTL scheme, you should file your application in the ANF 4R form. It has to be accompanied by your digital signature and submitted to the DGFT. Up to 50 shipping bills can be attached to one such application. There is no late cut fee under this scheme, which has been made available for exports only till 31st March 2020.

In the case of exports made from non-EDI (electronic data exchange) ports, a separate application has to be filed for each export. It cannot be clubbed with exports from EDI ports either. In the case of EDI exports from enabled ports, the port of registration will be the EDI port itself. The applications are processed through an online system of the Directorate General of Foreign Trade (DGFT) and approved on the basis of an online approval/check mechanism. Depending on the option selected in the application, the scrips are either handed over physically or by post.

What is the mechanism of the rebate offered?

RoSCTL is implemented through a scrip-based system on the export of garments and made-ups. In a Ministry of Textiles notification dated 8th March 2019, the rates under the scheme were notified in four schedules. Schedules 1 and 2 specify the Central and State taxes and levies for apparel and made-ups. Schedules 3 and 4, on the other hand, give the Central and State taxes applicable for apparel export when the fabric (including interlining) has been imported duty-free under the Special Advance Authorization Scheme.

Based on the rate specified in the schedules for the particular item of export, exporters will be issued duty credit scrips. If the export is made from multiple EDI ports, all the details thereof can be clubbed into a single application, selecting a port of registration from one of the shipping bills included in the application. The RoSCTL application has to be filed within a year from the date on which shipping bill(s) is uploaded from ICEGATE to the DGFT server. Once issued, these scrips can be used with Customs for the next 24 months, after which it cannot be revalidated.

As an exporter, if you avail of RoSCTL scrips, you must retain the shipping bills and other documents related to the export for three years from the date of issue of the scrips. The concerned authorities may demand to take a look at these documents, and failing to produce them could lead to you having to repay the scrip value with interest and/or penalty under the Foreign Trade (Development and Regulation) (FTDR) Act.

What precautions should be taken?

The realization of foreign currency is crucial to the receipt of a rebate, so it is important for every exporter benefiting from RoSCTL to retain the proof of receipt-of-sale proceeds. The jurisdictional regional authority can challenge the value of your scrips through an electronic examination of records. If an excessive rebate is found to be claimed, you will be required to pay back the excess rebate to the DGFT, along with interest at 15% per annum from the date of receipt of scrip to the repayment date.

Additionally, you may be penalized for not declaring the excess receipt and for fraudulent practices. Legal action may also be initiated under the FTDR Act in case of non-repayment or non-reply to the regional authority within 30 days of receipt of the notice. ■

—The author is Head Content Marketing and Corporate Communication Efforts at Drip Capital

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MEMBERSHIP RENEWAL FOR THE YEAR 2020-2021

Ministry of Commerce & Industry, Government of India has made the membership of EPCES mandatory for EOUs & SEZs by issuing Notification G.S.R.No.771 (E) dated 5.8.2016 *The membership of EPCES is mandatory f or all the EOUs, SEZ Units & SEZ Developers including Co-developers, for availing any exemption, incentives, drawback and concessions from the Government of India, under the EOUs & SEZ Scheme.* And for EOUs EPCES membership is mandatory vide DGFT Public Notice No. 27 dated 26.8.2019.

As you are aware that the New Financial year 2020-2021 has started from April 1st 2020 onwords.We request the members to renew their membership for the year 2020-2021.

Membership can be renewed very easily and successfully by access the online membership software at the below mentioned link:

http://www.ntrade.in/EPCES_LIVE/NewLogin.aspx

The process of renewal for the year 2020-2021 is as under:

1. Visit ECPES Website www.epces.in
2. Click on Members Renewal 2020-2021 (under the News & Highlights)
3. Click on the link for Membership renewal: http://www.ntrade.in/EPCES_LIVE/NewLogin.aspx
4. You will be prompted to enter the following:
    1. IEC no.
    2. First 3 letter of your company name
    3. Select EPC for EOUs & SEZs
5. Thereafter you will be prompted to connect your Digital Signatures Certificate (DSC)
6. A window will pop-up, Select your membership no. in the dropdown list of Membership Type and Click on Continue.

After check/entering the complete details of your unit and uploading the required documents, the same will be verified and approved by EPCES and thereafter you will receive an e-mail alert that your membership is renewed and the membership certificate is ready, you may download it.

We request you to kindly renew your membership for the year 2020-2021 timely for availing the benefits and exemptions under EOU & SEZ Scheme timely without any hassle.

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

Indian Economy and Future of Exports

By Ashok Bakshi

Across segments, the Indian economy had been in the grip of a significant slowdown for the last 7 quarters. Then coronavirus suddenly besieged the world. The COVID-19 pandemic has simply exacerbated matters, choking the economy's already ailing respiratory system and taking the wind out of its sails. Had it not been for the invisible and sinister virus that was exported to us from a neighbouring nation, collectively our manufacturers, exporters, traders and all working professionals could have revived the flagging economy. Now, our hopes seem destroyed, and as various reputed international agencies have forecast, we could be in for a huge downturn.

Whatever vocation people are pursuing in their noble lives—whether they are highly rewarding or not, highly skilled or semi-skilled, big or small—they are all part of the Great Indian economy. These economic activities can be given various names and terminologies such as profession, employment, business. Put together, they are linked in an integrated chain. As you know due to lockdown in India at present, industry, educational institutions, aviation, tourism and hotel industry, with the exception of medical and health services, are closed as per the directions of the Indian Government.

Coming back to the integrated chain, the migrant workers are a very critical component. If they do not return from their homes to the states where they worked, then post-lockdown several industries will be badly hit, especially the hundreds of thousands in the MSME sector. In fact, each pearl in this chain is crucial. Whether it is the banking sector, private sector, industry and others, the Government of India must look at all these pearls closely. The Government should not hesitate to seek advice from industry experts, economists, and trade bodies such as the EPCES, FIEO, FICCI, CII, ASSOCHAM, PHDCCI and others in order to revive the economy.

Government of India and Reserve Bank of India came up with their strategy to combat the slowdown of the economy and against COVID19. Our Hon'ble Prime Minister Mr. Narendra Modi, Union Finance Minister, have announced INR 15,000 crore relief fund and INR 1.73 lakh crore financial relief packages for the various parts or our ailing economy. RBI has reduced CRR, SLR and has cut the repo rate and all the possible things they did. But this is not enough for the mammoth 130 billion population of India. Merely investing this much mammoth amount of money into the economy will help very meagrely but would not help the economy coming out from the recession. This will certainly help our poor brothers at an early stage but for a longer duration, it would not help the Indian economy.

Industries will be affected heavily due to this lockdown because all major industries are manufacturing goods that required raw materials and major raw materials are imported from foreign countries such as USA, Europe, and China. All domestic & international aviation industry is closed. Shipping industry is not sailing in the rough sea. Customs / Port officials are not working to their capacity. The industry will be required to put immense efforts to restart after lockdown.

COVID 19 menace has damaged the economy and will continue to damage for a long period but this menace did many good things though such as it has improved the air and noise pollution etc., and this is a good trait for the earth.

The COVID 19 pandemic which is considered to be a historical health disaster equally seems to create bigger challenges in the growing economic landscape of many afflicted countries of the world. That's a critical stage of the current economy where India is on the highest crunch of witnessing a downturn in many growing sectors like aviation, automobiles, health, agriculture, fisheries, banking and IT/ITES which are currently in recessions due to national and worldwide lockdown and the slowdown of their economies in most of the countries. Even as a whole country will be facing much bigger issues on bilateral trades which are more vital for boosting our Indian economy in time to come. Most contentious issues in post lockdown phase are travel and tourism, medical tourism and FDI which have affected major economies like U.S.A, Germany, Italy, Spain, Germany, France, Canada, Australia and China had the worst hit of this pandemic on their economy which will lead to unexpected downfall due to several restrictions of western countries on travelling and trade. But still, there is a silver lining for India is that its GDP is largely driven by Agricultural product which contributes to the tune of 60% of national GDP which creates a high degree of optimism for expecting healthy monsoon to revive every sector by end of the current year.

It's now no lie to anyone in the world that the Indian Economy has slowed down from the last many months. We are missing and lacking in the reforms along with global market conditions shaking us further like anything due to lack of will of our political masters.

The economy depends upon both internal and external conditions. Even there are impacts on India from China, USA, Europe, Israel, Africa, South Korea, North Korea, Japan trade wars between different countries and other global economic conditions. An example can be Germany which is one the verge of technical recession where one of its big leading Banks of international repute Deutsche Bank fired recently 18000 plus people worldwide from its master payroll.

Our Nifty and Sensex are more volatile then what we can think of our investors, any bad or good news can bring them to low or up during trading hours of the market of the day.

Our government will need to push long-delayed reforms at the earliest with fiscal discipline for everyone. No free lunch or subsidies of any nature to be granted in near future be loan waiver to farmers, free electricity to farmers & rations.

It seems we (Government of India) are not yet ready to take steps on the bleeding companies by putting them on auction or sales block such as BSNL and Air India which are a big burden on national exchequer and public. It is very sad and hard fact, Truth in India is not such straight forward like we think and always believe.

Our governing bodies have made people less worried about economics reforms then social reforms. The government, in its second tenure, has changed its gear more towards social reforms then economic reform and for this reason; our business rating is slowly going down.

What are the options or alternatives available to India? How to revive exports from India?

What India should do to realize export of products and services to make it few trillion dollars?

Demand for products and services would be a certain cure for our current economic situation in India, due to low installed capacity utilization, low investments, fewer job creations for our youths, low productions with poor quality and quantity of products, and above low GDP growth rates.

There is no better way to pump up demand for industrial/consumer products than creating valuable orders being received by us from all over the world by Indian Exporters.

India has a great potential in every aspect to target export turnover of few trillion US Dollars by 2025, up from the current approximate of around INR 7.01 lakh crore for the financial year 2018-19. To achieve this mammoth target, a combined effort is required from everybody (Government of India, trade associations, manufacturers, labour unions, and traders) to push up Indian exports on the world market to capture a sizeable slot of world trade where India's share in world trade is 2% approximate.

To achieve/increase a few trillion US Dollar market, the following steps are required on a war footing basis to come out from COVID 19 and economic recession stress for India on an urgent basis.

We have to increase our focus and promote those manufacturing products which world buys most at present such as bulk drugs, engineering, electronic, telecom, computer accessories, organic chemicals, food items, leather products, handicrafts and garments, and so on with a list of never-ending goods for export from India as a preferred destination for the world.

The Government of India must and have to announce industry-specific incentives schemes with required tax breaks for exporters and should appoint a professional group of firms (industry-specific) and seek their help and guidance, suggestions to kick-start exports with their wide network available all over the world (global value chains).

We have to promote with level best ability our textile (ready-made garments of all types) / leather products and our other labor-intensive type industry products where manufacturing base is shifting to Bangladesh, Sri Lanka, Thailand, Philippines, and other low-cost countries from India. A manufacturing push (Make in India / Skill India) will also help in creating diversification across the country and certainly, it provides growth in our services sectors industry, such as software (IT/ITeS) exported by us to the leading developed countries such as USA, Canada, Germany, UK, Australia, and Middle East countries like UAE.

India must invest highly in global value chains with ready to trade infrastructure. India's production in electronics, telecom, and high tech products as our Ports and Customs Departments do not work hand in hand but on the other hand, they also do not guarantee quick entry/exit clearances of respective products from these said departments. This is highly critical as spare parts and required assemblies of such high tech products are being manufactured at present in many countries across the world today. Delay in shipments arrival/clearances – exits at one of the Port disrupts the entire production schedule and this encourages shifting of manufacturing base to another country. Our Ports / Customs Departments enjoy ample goodwill for them in the international trade arena, how to provide solutions at any given time to our exporters, importers, and common businessman for no fault of them many times.

To improve on this area, India needs to automate all its airports / ports and Customs Department operations with minimum possible human intervention across the country and should encourage Green channel clearances for the majority of consignments being received for manufacturing or the export purposes. We have to match and improve the turnaround times of Aircraft / Ships with the best global parameters being followed by our other competitive countries. This will ensure quicker transactions for our exports and will allow us to better use our infrastructure and a great extent will help us to reduce our cost which will benefit everyone. This will help us to put our efforts in a better way and do the work in a highly professionalized manner.

India must set up a new online digital platform (user friendly) for processing all regulatory – statutory and commercial documentation needs of all exporters and importers in a highly professional manner with no stone left unturned. This will encourage exporters to file their all required information/documents online especially with our Customs, DGFT, MOC&I, RBI, Shipping companies, sea, and our airports and with all required commercial banks for Letter of Credits, FIRC and e-BRC. The filing of information should be only at one place not at several places for the same information being submitted end number of times to the different departments.

We should improve/follow the best quality standards available which no country should be able to meet or match with us on quality products being produced from India. Many of our products fail world quality tests due to the common traces of pesticides/pathogens, illegal dyes etc. We need to redesign our quality standards/infrastructure to help exporters move to higher-end quality products of international repute and protect India from the substandard imports being dumped from other countries.

Institutions responsible for developing quality standards, setting guidelines for inspection of products, testing, and quality certification must adopt best practices being followed by the most developed countries of the world in this regard. We need to set up more globally accredited testing laboratories, enhance the capacity of Indian laboratories and sign the mutual recognition agreements in this regard with our partner-friendly countries mutually accepting each other products with certain predefined set parameters. India's agriculture products such as dairy / meat/ fruits and vegetables will be able to penetrate in the Middle East, African, European, and South American countries in a better organized professional manner to earn more and more fully convertible foreign exchange for India.

India must reduce cost differentials to stay afloat in international business, as our exporters pay 5% extra on transport, (due to high excise / local state VAT on petroleum products) 5% on capital goods, 2 to 5% blockage of working capital due to very tedious tax laws being followed (GST, High Income Tax Rates) and 3 to 5% due to higher real effective exchange rates (REFR). Working capital interest rates from commercial banks are too high in comparison with our competitive countries even by providing security cover for the loan amount. This extra cost of 15 to 20% increase our product cost and our products become un-competitive and leave our exporters to scratch their heads. Government of India will try their best to meet part of the cost disability through the export incentives schemes which have to be taken care of by keeping in mind WTO norms. GST returns process and to get a refund from the department is another pain in the neck for exporters.

Incentives schemes announced by the Government of India, (MEIS / SEIS) exporters find them-selves all the time at receiving end as lots of paperwork has to have complied with this. Incentives schemes should be time-bound manner settled with minimum paperwork at least for the star export houses.

Protect the interest of exporters in foreign markets in the best possible manner. India has many USFDA approved pharmaceutical units across the country, yet our drug quality is always suspected. Big pharma companies of the USA and Europe always push their Governments to put harshest possible measures to discourage entry of Indian pharma companies in their domestic market. Indian embassies' trade officials posted abroad must take such issues with their counter-part to take care of Indian pharma companies' interest with respective foreign regulatory bodies.

India must promote retail exports. Export of small quantities of customized products (such as birthday / give away articles / toys / garments / handicrafts or any other life event products) through postal / courier is the new form of exports have taken by all over the world especially by thousands of students, house wives, and small firms. They export with minor capital and resources available at their disposal, such as handicrafts, artificial jewellery, ethnic garments/wears, decorative paintings, ayurvedic products, sweets, brass, table decorative glasses and so on various other products. Considering the depth of India's artisanal expertise of average Indian, each product can turn into billion US$ plus for India in the shortest possible time, provided hardships at our post office or courier companies, restrictions from Reserve Bank of India, and AD Banker is removed. Such exports should be allowed hassle-free up to the value of INR 5 lakh with no declarations (EDF Forms) or restrictions to increase share for India in world trade.

India must promote tourism / medical tourism for the betterment of the economy as it is another sun rising business opportunity provided we promote the same in the right prospective manner for the Middle – East Asia and European countries by building world-class 'The Best' hospitals in India. Such facilities can generate approximately 10 billion US$ for the Indian economy in the shortest possible time, with no limits for service industry business growth by leap and bounds and few thousand new job opportunities in hospitals spread all over the country.

Developed countries like the USA, UK, France, Russia, China, Germany, China, and Sweden thrives their economy on sale and export of Defence – hardware products export, whereas India's defence export is hardly visible. We have large Ordnance factories, HAL, BEL, BHEL, & BEML across India and they must be exploited in the best possible manner to export their manufactured products especially to developing countries like - Asia, Africa, and South American countries.

Natural resources such as Mine Ores which are available in plenty across India, by converting those (Iron Ores) into finished products (various types of steels & other metals) certainly we can yield more foreign exchange for India. (Example – Japan importing mine ores from other countries and converting the same into finished products to help their economy.)

Government of India should encourage exporters & their bodies to tie up with leading retail chain of super markets of the world like – (USA - Albertsons, Walmart, Target, Super Value), (EUROPE – Carrefour, Tesco, Sainsbury, EdekaZentrale), (Australia – Whoolworths, Coles), (Canada – Walmart, Kroger, Costco, Wholesale, Target) in where China is leading supplier to all these retail chain stores of the world.

Government of India should encourage and enter into Free Trade Agreements with trade associations or group of countries such as ASEAN (Association of South East Asian Nations – Thailand, Vietnam, Indonesia, Malaysia, Philippines, Singapore, Myanmar, Cambodia, Laos & Brunei), NAFTA (The North America Free Trade Agreement – Canada, Mexico, United States of America), SAARCS (India, Pakistan, Sri Lanka, Nepal, Bangladesh, Bhutan, Afghanistan & Maldives), European Free Trade Association (Iceland, Norway, Finland, Switzerland, Sweden, Germany & UK), & BRICS (Brazil, China, India, Russia, South Africa) & SAFTA. We should give and encourage those countries with MFN status on an urgent basis that always prefer to import or source their supplies from India.

Dedicate freight corridors such as Railway for the fast movement of goods at economical rates and better road connectivity to all Ports will make certain differences and mindset of everyone have to be changed involved in Export / Import or any other services.

India is the only country in the world, where our exporter's service is not recognized the way it should be, as they earn valuable foreign exchange and help to build a sound economy.

Due to breakout of COVID 19 and slowdown of the world economy, many companies are going to shift their manufacturing base from China to many other friendly and low cost, quality-conscious countries, and where India should not miss this golden opportunity to attract their entire manufacturing base along with large foreign investment for to improve the health of our economy.

The Government of India should consider and take some steps on an urgent basis to help our exporters to tide over the crisis of slowdown and COVID 19 breakout and lockdown who are the backbone of Indian economy.

- Government of India should provide relief /allow to SEZ Units to sell their products in DTA to fully utilize their manufacturing installed capacity. SEZ Act—2005 (Sec-30) should be modified suitably to provide relief to all SEZ units. Income Tax benefits should be extended beyond 30/06/2020 (Sun-Set Clause) or if not possible due to WTO, than rate of Taxes should be reduced for SEZ / EOU 100% units.
- Exporters are not able to receive their payments in time from their respective overseas customers. Working capital / financial position of all exporters is very tight & most of SEZ / EOU units are under heavy debt/overdraft from their commercial banks. Interest on overdraft for the lockdown period should be completely waived off or deferred for a period of not less than from 18 to 24 months.
- Government of India should announce a liberal loan policy with a lower rate of interest. This should be introduced at the earliest to meet certain statutory committed expenses such as payment of Salaries & wages, Rent, Electricity, etc. Exporters already enjoying credit limits with their bankers, their limits should be enhanced by 25 % to 50 % depending on their need basis with minimum paperwork and collateral security cover for this overdraft facility.
- Pre-Post shipment, Bill discounting limit should be relaxed, so they can take the required steps to enhance their export activities.
- Bank Guarantees issued by banker should extend this facility with minimum margin as a collateral security cover for this should not be more than 15 % to 25 % of the total bank guarantee value and charges should be the bare minimum.
- Write-off permission should be more exporters friendly rather than Govt. officials. An exporter is the best judge to what amount can be written off from the books based on his dealings and experience in the trade with respective customers. His / Her or management decisions should be accepted with due respect as their business or goodwill which have suffered the most with all hardships from their Authorised Dealer Banker and Reserve Bank of India for not receiving payment of export within the prescribed time limit of export taking place. Other agencies provide only mental torture and harassment with more financial loss and waste of precious time for exporters. Govt. of India has appointed public servants for the welfare of all and every citizen, but it is very difficult to meet them that too on certain days of the week and time with specified official approval, whereas rather serving or helping to sufferer, they do their best to delay and create more confusion for the work. Write-off amount permission should be given to the regional offices of Reserve Bank of India, where the exporter registered office or exporter works is situated or from which banking branch transactions have taken place.

  All commercial bank have specified branches who deals in a foreign exchange transactions, customer accounting branch is some other part of the city, and their approving officials / seniors from the legal department will be in different cities. If something goes wrong with the exporter for collection of payment, it is the exporter who has to face the brunt of every department and have to run from pillar to post to get work done and satisfy each and every one to the satisfaction for the job concern.
- Authorised Dealer Banker should reduce their high bank – service charges for the period being extended by them for overseas payment collection from the respective overseas customer if there is a delay in collections per time limit specified by Reserve Bank of India.

  e-BRC should be issued to the exporters at the earliest so they can file their incentive claims (MEIS / SEIS) if any. Bank charges on issuance of e-BRC should be reduced for all exporters.

- Government of India should not burden the exporters with service charges for (Bill of Entry, Shipping Bills, Softex Certification, AMC Charges for the maintaining of the system by NSDL and STPI, etc.) as the export industry is already facing the slowdown of the world economy, and breakout of COVID19 and lockdown of all commercial activities.
- Government of India should help and take care of enforcing contracts in international business deals, and our judicial system should deliver judgments at the earliest in a time-bound manner. Special courts should take care of the export/import business if any dispute arises.
- GST still needs to be reworked and revisited with changing slabs of taxes bringing more and more commodities into lower slabs to enhance consumption and to give a boost to the economy.
- Governments of India should start doing reforms on urgent basis with various sectors such as land reforms, labour reforms, and enforcing contract reforms, etc., it is time they must become decisive. They should push the public to do some business with a focus to earn some profits and undertaking for assets creation than using for maintaining fiscal deficit.
- Government of India officials should be more accountable for their jobs and decisions. Audited Balance Sheet & Profit / Loss Account statements of the respective unit for respective financial year should suffice all accounting reports purpose for various departments and no more information should be asked from the companies, as Monthly Progress Reports, Quarterly Progress Reports, and Annual Progress reports are being submitted, still, many a times, the same information is being asked to resubmit again in different format for various department purposes.
- Our manufacturing sector is very poor for the last many years. We should start bringing reforms to it. We need to give more importance to 'Make in India and Skill India'. We need to provide a boost to our exports which can be possible only if our manufacturing sector gets improved with skilled labour and applying / using with latest technology.
- Our exports have backfired us very badly. Our auto sector is reeling badly due to weak consumption and regulatory changes leading to higher costs, new energy versions, and credit unavailability exacerbated by the NBFC crisis of poor funding of all commercial vehicles.
- People need to be left more money in their pocket for creating demands for various products. Banks and Reserve Bank of India may have to step-up on this issue to boost our economy. There is a long term demand to give more money into the hands of people to spend more but still, the direct tax code panel recommendation, removal of old income tax slabs with new tax slabs are ongoing.

Consider, India's more than 5,000 years old civilization, advance research and development capabilities, diversified skill set with the youngest population in the world, and extensive vendor base available, and a few Trillion US Dollar export turnover target is certainly achievable and within our reach. Meeting this landmark target, we would be able to strengthen the brand India image, can create a few million more jobs for our youth in the manufacturing and service sectors.

We can bring proud to our nation India at par with the other top manufacturers, developed and exporting nations.

Many initiatives are being taken by the various Government of India departments, such as MoF, RBI, MoC&I, DGFT, SEZ, STPI, EHTP and trade associations such as EPCES, FIEO, FICCI, CII, ITPO, PHDCCI with their limited resources and guidelines available to them are doing their best to help exporters to turn all stones to achieve this mammoth target to realize export of a few Trillion US Dollar by 2025, which in return will help the country to boost its GDP, create employment for our young youths, reduce our Current Account Deficit and Finance Deficit for all times to come.

We pray and hope for the best. Good Day will come for everyone and all of us will enjoy the same together as one nation and one team.

I will urge and request to our Government to remove the fears from delayed investment on the widespread business uncertainty which is growing up in our country and which is extremely harmful to our youth and they have to face recession and then depression which is more harmful and will kill the soul of everyone. ■

Deemed Export benefits / supplies to SEZ benefits which are not being availed by a vast number of entities

Background

As all of you must be knowing, supplies of goods to the units/persons/projects specified under paragraph 7.2 of chapter 7 of the Foreign Trade Policy, 2015-2020 ("FTP") within India is considered as 'Deemed Exports' supplies. Such Deemed exports supplies are eligible to various incentives specified under paragraph 7.3 of the FTP. However, it has been observed that a large number of industry players do not avail these benefits primarily due to the ignorance of law. Consequently, the said ignorance causes loss to the company. In this article, I will deal about such benefits which are not being availed by a large number of persons particularly with regard to supplies made to EOUs and SEZ units.

Excise duty paid on HSD

There are lot of EOUs in the country which are engaged in the manufacture and export of goods. Almost all big sized EOUs have captive power plant/DG sets to generate the power to cater to their needs in case normal electricity is not available. The said HSD is purchased by the EOUs either directly from the refinery or from the depots of refinery. All of us know that the HSD is still liable to central excise duty. Further, rates of excise duty are very hefty. Recently, the said excise duty has been further enhanced by INR 13 per litre. More than 50% of the value of the HSD consist of the excise duties (basic excise duty, special excise duty, additional excise duty, infra cess) alone.

The HSD can be still procured by the EOUs either without payment of excise duty by availing the upfront exemption from excise duty in terms of Notification No. 22/2003-CE dated 31.3.2003 or can be taken as reimbursement by way of TED refund from the office of the DGFT for the reason that the supplies to EOU amounts to 'deemed export' supplies under paragraph 7.2 of the FTP and is therefore eligible to refund of TED.

It has been noted that only a very few EOUs are availing the said facility whereas a large number of EOUs are not availing the benefit of this benevolent provision of FTP. Further, in case the HSD is supplied by the refinery without payment of excise duty, it will result in saving in VAT/CST also as the VAT/CST is calculated on the amount of excise duty as well. The benefit is available irrespective of the fact that the goods manufactured by EOU are under the GST regime and are not chargeable to excise duty.

The said benefit of excise duty on HSD can also be availed by the Advance Authorization ("AA") holders who have captive power plant/DG sets to generate the power. In order to get the said benefit, HSD has to be declared as one of the inputs (fuel) while getting the AA. ARO needs to be taken for getting the supplies of the HSD from the refinery. In the case of AA, the refinery would clear the HSD on payment of excise duty to the AA holder. AA holder in turn can get the refund of the TED paid by the refinery/depot from the office of the DGFT by following the prescribed procedure.

Likewise, the supplies of HSD to SEZ are eligible for exemption from excise duty for the simple reason that such supplies are considered as export under the SEZ law read with the Central Excise law. Such supply of HSD to SEZ can be made either on payment of excise duty under claim of rebate or without payment of excise duty under LUT.

All Industry Rate (AIR) of Duty Drawback

It is noteworthy that the various supplies made as 'deemed export' in terms of paragraph 7.2 of the FTP are also eligible for duty drawback. Previously, such duty drawback claim was eligible only in the nature of brand rate of drawback which had to be proven with the documentary evidence about the actual custom duty suffered by the supplier of the goods on the inputs used by him for manufacture of 'deemed export' supplies. Obviously, it was not practically possible in majority of the cases. As a result, hardly any person was claiming the

brand rate of duty drawback in respect of the goods supplied by him as deemed export under chapter 7 of the FTP as it was practically impossible or very difficult.

However, recently, the DGFT office has liberalized the provisions and has also allowed the AIR rate of duty drawback at the rates notified by the Ministry of Finance. Hence, now no evidence has to be submitted for claiming the benefit of AIR rate of duty drawback. The said benefit can be claimed either by the supplier of the goods or by the recipient of goods. The benefit would be given in cash through the RTGS in the account of the claimant by the office of the DGFT.

All EOUs, AA holders, DFIA holders, EPCG holders, and other projects specified under chapter 7 of the FTP (or supplier of goods against such situations) can avail the said benefit without any problem now. Likewise, the goods supplied to SEZ units are eligible for AIR rate of duty drawback provided the payment is received from the SEZ unit in the freely convertible currency.

However, it has been seen that a vast number of persons do not avail the said benefit probably due to ignorance of law orlack of knowledge or negligence. The said benefit in my considered view is very lucrative and must be availed by all persons against all supplies which are considered as deemed export. The said benefit is particularly more beneficial to SEZ units, EOUs and Advance authorization holders as they can take a huge benefit over period of time on account of drawback as now it has become very simple to claim it from the office of the DGFT. The benefit of duty drawback by SEZ units/EOUs/AA holders can be claimed not only against the supplies of inputs but also against the supplies of the packing materials without any problem.

The benefit of advance authorization/EPCG Scheme

The supplier of goods to the various categories of persons which qualify to be deemed exports are eligible to take the benefit of the advance authorization scheme. It means that the supplier can import his inputs without payment of customs duty against the AA. Simultaneously, such deemed export supplies are counted towards fulfilment of export obligation against the EPCG as well.

It is clarified that these benefits can be availed only by the supplier of the goods unlike the duty drawback which can be availed either by the supplier or recipient. Further, the benefit of drawback and the AA are mutually exclusive as only either of the benefit can be availed against the supplies made as deemed exports.

However, in order to get the benefit of the AA/EPCG to the SEZ unit it is necessary that the payment is received in freely convertible currency. A number of persons suppling the goods to SEZ units receive the payment in INR as a result they are deprived of the benefit of the AA or EPCG or duty drawback because in order to claim any of these benefits it is mandatory requirement for the DTA supplier to receive the payment in foreign exchange. But again, due to ignorance or negligence the said benefit is not being availed by a large number of persons.

In Nutshell

The persons who are not availing the benefit of duty drawback, duty free import against advance authorization/ EPCG scheme, excise duty benefit on HSD etc due to any reason must start availing these benefits as these would benefit them in a big way over a period of time. ■

—S.C. Jain, Advocate, Managing Partner,
RSA Legal Solutions Gurgaon

Various relaxations due to COVID–19

EPCES has taken up the problems and challenges faced by EOUs and SEZs at different leves due to COVID 19 lockdown situation with Government of India. As a result of these submissions and recommendations by EPCES Government of India has issued some directions/relaxations. Given below are some of the decision issued by the Government:-

Prepared by Sanjay Jain, CA

Mr Sanjay Jain

A: GST Related Amendments

Sl No	Particulars	Notification/ Circular	Original Due date	Revised Due date	Remarks
1	A proviso has been inserted in CGST Rules 2017 to provide that the condition of Rule 36(4) shall not apply to input tax credit availed by the registered persons in the returns in FORMGSTR-3B for the months of February, March, April, May, June, July and August, 2020, but that the said condition shall apply cumulatively for the said period and that the return in FORM GSTR-3B for the tax period of September, 2020 shall be furnished with cumulative adjustment of input tax credit for the said months in accordance with the condition under rule 36(4).	Notification No 30/2020- Central Tax, dated 03.04.2020	NA	NA	The restriction of Rule 36(4) related to ITC will not apply till August 2020 and Input credit as per the Books can be claimed without considering the ITC as per GSTR 2A for the periods from February 2020 to August 2020. The compliance of Rule 36(4) has to be done on consolidated in GST 3B return of September 2020.
2	GSTR 3B return for the month of February, March and April 2020 for registered person having Turnover above 5 crores.	Notification No. 31/2020, & 32/2020 dated 03/04/2020	20th of next month	No change in the due date	There is no change is the due date. There is no late fee if the return is filed upto 24th June 2020. There is no interest for the delay in filing of the return upto 15 days from the due date. If there is delay of more than 15 days than reduce rate of interest of 9% is applicable. In case the return is not filed upto 24th June, then the interest will be applicable @18% without interest considering the 15 days interest free period.

A: GST Related Amendments					
Sl No	**Particulars**	**Notification/ Circular**	**Original Due date**	**Revised Due date**	**Remarks**
3	GSTR 3B return for May 2020 for registered person having Turnover above 5 crores.	Notification No. 36/2020 dated 03/04/2020	20-06-2020	27-06-2020	Normal Interest and late fee will be applicable after the due date.
4	GSTR 3B for the month of February, March and April 2020 for registered person having Turnover less than 5 crores but more than 1.5 crores	Notification No. 31/2020 & 32/2020 dated 03/04/2020	22nd and 24th (as per applicability) of next month	There is no change in the due date.	No late fee and interest if the return of February, March is filed upto 29th June 2020 and Return of April is filed upto 30th June 2020.
5	GSTR 3B for the month of February, March and April 2020 for registered person having the turnover less than 1.5 crores.	Notification No. 31/2020 and 31/2020, dated 03/04/2020	22nd and 24th (as per applicability) of next month	No Change but can be filed till 30/06/2020 for February 2020, 03/07/2020 for March 2020, and 06/07/2020 for April 2020	There is no change in the due date. There is no late fee and interest if the return is filed within the date as mentioned in the column no 5. The late fee and interest will be applicable from the original due date if the return is not filed within the date mentioned in the column number 5.
6	GSTR 3B for the month of May 2020 for registered person having less than 5 crores turnover	Notification No. 36/2020 dated 03/04/2020	22/06/2020 24/06/2020	12/07/2020 14/07/2020	
7	GSTR 1 for tax period March, April and May for registered person having the turnover above 1.5 crores.	Notification No. 36/2020 dated 03/04/2020	11th of succeeding month	30/06/2020	There will not be any late fee if the GSTR1 return is filed upto 30th June 2020
8	Other Returns such as the return of TDS under section 51, TCS return under section 52 Input Service Distributors and Non-resident Taxable persons for the month of Mar 2020 to May 2020	Notification No. 35/2020 dated 03/04/2020	10th of succeeding month	30/06/2020	The list of other returns has not been mentioned in the notification however the circular no 136 dated 03/04/2020 has been issued for the clarifications.
9	Automatic Extension of E-Way bill validity	Notification No 35/2020 dt 03/04/2020	NA	NA	If the E-way bill validity is expiring between 20th March 2020 to 15th April 2020, the validity period of such E-way bill deemed to be extended upto 30th April 2020.
10	Notice issuance, due dates, filling of appeal, submissions, applications, any other proceedings	Notification No 35/2020 dt 03/04/2020	Between 20/03/2020 to 29/6/2020	30-06-2020	

B: Excise, Customs and EOUs Related Amendments					
Sl No	**Particulars**	**Notification/ Circular**	**Original Due date**	**Revised Due date**	**Remarks**
1	Exemption to EOU from Integrated tax on Import	Customs notification No.16/2020 dated 24.03.2020	31-03-2020	31-03-2021	The validity of exemption has been extended by one year.
2	Exemption from Integrated tax on Import under EPCG scheme / Advance Licence etc	Customs notification No.18/2020 dated 24.03.2020	31-03-2020	31-03-2021	The validity of exemption has been extended by one year. The relevant para no.5.01(a) of FTP has also been amended.
3	Extension of the Foreign Trade Policy (FTP) 2015-2020 and Hand book of Procedure (HBP) 2015-2020 from 31.3.2020 to 31.3.2021	57/2015-2020 dated 31st March 2020 and Public Notice 67 dated 31st March, 2020	31-03-2020	31-03-2021	Foreign Trade Policy and Handbook of Procedure has been extended upto 31-03-2021. The extension of FTP may result in, the extension of benefits, such as MEIS etc. (except for Garment and Made-ups which are eligible for RoSCTL/RoDTEP benefit) for one year although not specifically mentioned in the notification.
4	SEIS benefit: The rate of SEIS benefit for 2019-2020 will be notified separately. The decision on continuation of scheme for services rendered beyond 1 April 2020 will be notified separately.	57/2015-2020 dated 31st March 2020 and Public Notice 67 dated 31st March, 2020			Para no 3.08 (a) of FTP has been amended.
5	Exemption from payment of Custom Duties, IGST (Integrated Goods and Service Tax) and Compensation Cess on the imports made under advance / EPCG authorizations and by EOUs, etc, has been extended up to 31 March 2021;	57/2015-2020 dated 31st March 2020	31-03-2020	31-03-2021	Para no 4.14 of FTP has been amended. Please also refer details in serial no 1 & 2 for Customs Notifications details.
6	DFIA/ EPCG/ Advance Authorizations and authorization for import, the validity extended by six months from the date of expiry; If the validity is expiring from 01-02-2020 to 31-07-2020.	57/2015-2020 dated 31st March 2020			This is done through insertion of clause after 4.29(viii) para 1 for DFIA, para 5.01(c) for advance authorization and para no 6.01(d)(ii).
7	Extension of validity of Registration Cum Membership Certificate, para no 2.55 and 2.56 of FTP	Trade Notice 60/2019-20 dated 31-03-2020			Regional Authorities (RAs) of DGFT will not insist on valid RCMC (in cases where the same has expired on or before 31 March, 2020) from the applicants for any incentive/authorizations till 30 September

B: Excise, Customs and EOUs Related Amendments

Sl No	Particulars	Notification/ Circular	Original Due date	Revised Due date	Remarks
8	Extension for filing the application of Duty Credit Scrips where the Let Export (LEO) date falls during the period 01.02.2019 to 31.05.2019	Public Notice 67 dated 31st March, 2020			The period for filing the application has been extended from 12 months to 15 months. This is done through the addition of para after 3.15(a) in HBP.
9	Extension of period for filing of SEIS application for FY 18-19.	Public Notice 67 dated 31st March, 2020	31-03-2020	31-12-2020	HBP para no. para 3.15(b) amended.
10	Extension in the validity of Status Certificate upto 31-03-2020	Public Notice 67 dated 31st March, 2020	31-03-2020	31-03-2021	HBP Para 3.20(a) has been amended.
11	Extension of Advance Authorization validity, export obligation period and Replenishment authorization period by 6 months in HBP	Public Notice 67 dated 31st March, 2020			HBP para 4.41(e), 4.42(h) and 4.59 (e) added / amended: The validity which is expiring between 01.02.2020 and 31.07.2020, the validity stands extended by six months from the date of expiry.
12	Extension of time for Re-export of Diamond HBP Para no 4.75(c) andand export against supply by foreign buyer para no 4.77(c).	Public Notice 67 dated 31st March, 2020			For those cases where the last date of exports under this para falls between 01.02.2020 and 31.07.2020, the last date stands extended by six months
13	HBP para 4.80 extension of time by 6 months for exports through exhibition, export promotion tours and export of branded jewellery.	Public Notice 67 dated 31st March, 2020			In all those cases where the last date, calculated as per the durations mentioned under various sub-paras of para 4.80 above, is expiring between 01.02.2020 and 31.07.2020, the last date stands extended by 6 months. The relaxation in repatriation of sale proceeds period would be equal to the period allowed plus six months or as subject to the RBI guidelines, which ever is less
14	HBP para no 4.85: Extension of time for exports against advance authorization	Public Notice 67 dated 31st March, 2020			Where last date is expiring between 01.02.2020 and 31.07.2020, the last date stands extended by six months. The relaxation in repatriation of sale proceeds period would be equal to the period allowed plus six months, or as subject to RBI guidelines, whichever is less

B: Excise, Customs and EOUs Related Amendments					
Sl No	**Particulars**	**Notification/ Circular**	**Original Due date**	**Revised Due date**	**Remarks**
15	Extension of time for submission of installation certificates for the capital goods by Authorized holder beyond 6 months – HBP para no 5.04(a)	Public Notice 67 dated 31st March, 2020			In case the period of six months expires during 1st February, 2020 to 31st July, 2020, the period for submission of Installation Certificate is extended by further 6 months from the original due date
16	Granting of extra time for fulfillment of the export obligations by 6 months: HBP para 5.14 and extension of export obligation period: HBP para 5.17	Public Notice 67 dated 31st March, 2020			If the period expires during 1st February, 2020 to 31st July, 2020, such period is deemed to be automatically extended by further 6 months from the date of such expiry
17	Extension of validity of LOA/LOI of EOUs which requires the approval of BOA for such renewal: HBP para 6.01(b)(ii)	Public Notice 67 dated 31st March, 2020			All such LOPs/LOIs whose original or extended validity expires on or after 1st March 2020, may be deemed to be valid up to 31st December, 2020
18	Extension of time for the filing of TED/Drawback application: HBP para no 7.05(a),	Public Notice 67 dated 31st March, 2020			Where the dates fall on or after 1st March, 2020, the date of filing of applications for refund of TED/Drawback may be deemed to be extended upto 30th September, 2020
19	Extension of time for the filing of the TMA refund claim: HBP para no para7A.01(d),	Public Notice 67 dated 31st March, 2020			Application for the refund of TMA claims for the quarter ending 31st March, 2019 and 30th June, 2019 may be filed upto 30th September, 2020.
20	Amendment in the Late Cut: HBP para 9.02	Public Notice 67 dated 31st March, 2020			Last date of submission of application for the purpose of late cut would be taken as that extended vide Public Notice No.67/2015-20 dated 31st March, 2020
21	Amendments in Appendices & Aayat Niryat Forms: a) clause 6 of Appendix 6E for filing of QPR	Public Notice 67 dated 31st March, 2020			QPR for quarter

Reduction in rate of Tax Deduction at Source (TDS) & Tax Collection at Source (TCS)

In order to provide more funds at the disposal of the tax payers for dealing with the economic situation arising out of COVID-19 pandemic,the rates of Tax Deduction at Source (TDS) for the following non-salaried specified payments made to residents has been reduced by 25% for the period from 14th May, 2020 to 31st March, 2021

Sl No	Section of the Income-tax Act	Nature of Payment	Existing Rate of TDS	Reduced rate from 14/05/2020 to 31/03/2021
1	193	Interest on Securities	10%	7.5%
2	194	Dividend	10%	7.5%
3	194A	Interest other than interest on securities	10%	7.5%
4	194C	Payment of Contractors and subcontractors	1% (individual/ HUF) 2% (others)	0.75% (individual/ HUF) 1.5% (others)
5	194D	Insurance Commission	5%	3.75%
6	194DA	Payment in respect of life insurance policy	5%	3.75%
7	194EE	Payments inrespect of deposits under National Savings Scheme	10%	7.5%
8	194F	Payments on account of re-purchase of Units by Mutual Funds or UTI	20%	15%
9	194G	Commission, prize etc., on sale of lottery tickets	5%	3.75%
10	194H	Commission or brokerage	5%	3.75%
11	194-I (a)	Rent for plant and machinery	2%	1.5%
12	194-I (b)	Rent for immovable property	10%	7.5%
13	194-IA	Payment for acquisition of immovable property	1%	0.75%
14	194-IB	Payment of rent by individual or HUF	5%	3.75%
15	194-IC	Payment for Joint Development Agreements	10%	7.5%
16	194J	Fee for Professional or Technical Services (FTS), Royalty, etc.	2% (FTS, certain royalties, call centre) 10% (others)	1.5% (FTS, certain royalties,call centre) 7.5% (others)

Sl No	Section of the Income-tax Act	Nature of Payment	Existing Rate of TDS	Reduced rate from 14/05/2020 to 31/03/2021
17	193K	Payment of dividend by Mutual Funds	10%	7.5%
18	194LA	Payment of Compensation on acquisition of immovable property	10%	7.5%
19	194LBA (1)	Payment of income by Business trust	10%	7.5%
20	194LBB (i)	Payment of income by Investment fund	10%	7.5%
21	194LBC (1)	Income by securitisation trust	25% (Individual/ HUF) 30%(Others)	18.75% Individual/ HUF) 22.5% (Others)
22	194M	Payment to commission, brokerage etc. by Individual and HUF	5%	3.75%
23	194O	TDS one-commerce participants	1% (w.e.f. 1.10.2020)	0.75%

2. **Further, the rate of Tax Collection at Source (TCS) for the following specified receipts has also been reduced by 25% for the period from 14th May, 2020 to 31st March, 2021:-**

Sl No	Section of the Income-tax Act	Nature of Receipts	Existing Rate of TCS	Reduced rate from 14/05/2020 to 31/03/2021
1	206C(1)	Sale of		
		(a) Tendu Leaves	5%	3.75%
		(b) Timber obtained under a forest lease	2.5%	1.875%
		(c) Timber obtained by any other mode	2.5%	1.875%
		(d) Any other forest produce not being timber/ tendu leave	2.5%	1.875%
		(e) scrap	1%	0.75%
		(f) Minerals, being coal or lignite or iron ore		
2	206C(1C)	Grant of license, lease, etc. of (a) Parking lot	2%	1.5%
		(b) Toll Plaza	2%	1.5%
		(c) Mining and quarrying	2%	1.5%
3	206C(1F)	Sale of motor vehicle above 10 lakhs	1%	0.75%
4	206C(1H)	Sale of any other goods	0.1% (w.e.f 01.10.2020)	0.75%

3. **Therefore, TDS on the amount paid or credited during the period from 14th May, 2020 to 31st March, 2021 shall bed educted at the reduced rates specified in the table in para 1 above. Similarly, the tax on the amount received or debited during the period from 14th May, 2020 to 31st March, 2021 shall be collected at the reduced rates specified in the table in para 2 above.**

4. **It is further stated that there shall be no reduction in rates of TDS or TCS, where the tax is required to be deducted or collected at higher rate due to non furnishing of PAN/ Aadhaar. For example, if the tax is required to be deducted at 20% under section 206AA of the Income-tax Act due to non-furnishing of PAN / Aadhaar, it shall be deducted at the rate of 20% and not at the rate of 15%.**

5. **Legislative amendments in this regard shall be proposed in due course.**

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

Webinar on Opportunities and Challenges for EOUs and SEZs

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Shri Shobhit Gupta, Deputy DGFT informed the participants about the relaxation and clarifications given by the DGFT by various circulars and trade notices. He further informed the chapter-wise clarifications and relaxations issued by DGFT on Foreign Trade Policy like extension of FTP for 1 year, important measures informed via Notification No. 57 dated 31.3.2020, extension of PSIA recognition, no demand of RCMC of EPCs up to September 2020, registration number generated till 31.3.2020 under SIMS shall remain valid for 135 days, extension of exemption from IGST for EOUs up to 31.3.2021, validity of LOP/LOAs of EOUs extended up to 31.12.2020, date of filing QPR extended up to 30.9.2020, last date of filing application for refund of CST extended up to 30.9.2020, last date of refund of TED/drawback extended up to 30.9.2020, Scheme TMA extended up to next year and many other relaxations. The details of the same are available on EPCES website www.epces.in

Shri Abhishek Jain, DGM & RM, ECGC, also informed the participants about the steps taken by ECGC for giving relaxation to exporters during the tough times of COVID -19 pandemic situations.

Mr. Rajiv Chug, Partner EY India gave a very informative presentation on the important topics like impact of COVID 19 on IT/ITES Sector, Regulatory Implication –Now & Beyond, SEZ guidelines to work from home, DOT guidelines during COVID-19, way forward pre and post COVID -19. Copy of his presentation is available on EPCES website: www.epces.in

Shri T. Vishwanathan, Principal Partner L & S informed and updated the participants about the relaxations and clarifications with regard to Customs, Foreign Trade Agreements and Foreign Trade Policy.

Shri Hitendra Mehta, Managing Partner, Centrum Legal talked about India's SEZ Policy and Procedure and also talked about the steps to be taken in future to attract foreign investment in Indian SEZs. He also enlightened the participants about the different aspects of wages orders.

The webinar ended with the vote of thanks by Shri Anand Giri, Deputy Director General EPCES. He thanked everyone on behalf of EPCES. It was attended by more than 300 participants from every branch of industry. All the sessions relating to relaxation, clarifications and challenges on work from home during lockdown were very enlightening and helpful for the participants. The participants appreciated the efforts of EPCES and showed satisfaction with the presence and presentation of the Government officials and expert speakers during the webinar and also learned about the situation that may arise due to the present situation of COVID -19. ■

PRODUCT IDENTIFICATION AND MARKET ENTRY

From right , Mrs Priyanka Tarafdar, Dy Director CAPEXIL, Representative from NSIC, Dr B.K.Panda Development Commissioner, FSEZ, Shri Satyajit Biswas FTDO , DGFT Kolkata, Shri Gautam Dutta Professor IIFT, Dr Sabyasachi Ghosh, Regional Director EPCES, Eastern and North Eastern Region

Shri Satyajit Biswas, FTDO, DGFT Kolkata, presented Niryat Bandhu awards to new entrepreneurs and explained how the DGFT has been able to modernize itself towards Ease of Doing Business for the benefit of exporters. He was speaking at a day-long seminar on Product Market Identification and Market Entry on February 4, 2020. The seminar was held in order to promote export interest in the Odisha region, increase member exporters of EPCES and encouraging promising new businesses to set up their operations in SEZs and EOUs. The programme was held in cooperation with DGFT, NSIC, CAPEXIL at the Suryansh Hotel near the Kalinga Hospital in the Odisha capital city.

Shri B.K. Panda, Development Commissioner, FSEZ delivering his speech on SEZ developments

Kolkata IIFT's Professor Gautam Dutta held a session that included information on trade data and methods to shortlist countries for market identification and entry. Tools were suggested to understand targeted foreign markets for different products. A presentation was given on how to get a better grip on export and import interests of different nations. Understanding different entry strategies—both for direct and indirect exports as well as for production overseas—and their advantages and disadvantages were discussed. Information was shared on new policy initiatives of the Central Government to give a boost to exports.

The Development Commissioner Falta SEZ spoke on Zone as well as developmental projects that are in the pipeline. Co-sponsor Checkbox Technology Pvt Ltd gave a brief on digital marketing and how it will increasingly play a crucial role in stimulating export growth going forward.

Ms Priyanka Tarafdar, Deputy Director, CAPEXIL Kolkata, spoke on the activities and role that CAPEXIL plays in the export promotion arena. Members from ECGC and NSIC gave presentations on the role they play in offering benefits to SEZ and EOU exporters.

Seeing that the programme was an overall hit, exporters requested more such seminars in Odisha. Dr Sabyasachi Ghosh, Regional Director EPCES, addressed queries and delivered the vote of thanks. ■

March 4, 2020

TRADE TALKS ON FEMA

LEFT: Inauguration by Shri D V Swamy IAS. Along with him, Shri K M Harilal, JDGFT Kochi, Shri Saju K Surendran, DDC, CSEZ, Shri K Sreekumar, RBI, and Shri Puneet Mehta, ICICI Bank
RIGHT: Address by Shri D V Swamy IAS, Development Commissioner, CSEZ.

The EPCES Cochin in association with ICICI Bank and FIEO organised a Trade Talk on “FEMA regulations and Procedures for EOUs and SEZs” at Hotel Four Points by Sheraton, near Infopark, Kakkanad on March 4, 2020. The Regional Head of ICICI Bank, Mr. Pradeep Nair,welcomed the dignitaries and the delegates. Thereafter, the event was inaugurated by Shri D V Swamy, IAS, Development Commissioner, CSEZ, the chief guest of the evening.

In his inaugural address, Shri Swamy congratulated the Council for organising such industry update programs. He observed that there are many instances where the units have not received payments even after many months of supply, instances where advances have been taken and supply not made, and there are some cases where the reporting by the units or Ads, or both, to the RBI are not proper or on time. The rules and guidelines keep on changing or getting amended by the authorities and the units have to comply with the rules in order to ensure smooth running of the business. Hence such talks on different topics could be planned for keeping the trade updated on the statutory requirements.

Sri K M Harilal, JDGFT, Kochi was the guest of honour. In his speech he mentioned that the companies should look for easiness of operation, goodwill and enhance the brand name of the developer. This will attract talents to the best location and services. If these things are available, the companies would continue to come to

Address by Shri K M Harilal, JDGFT, Kochi

Presentation by Shri K Sreekumar, Ast. Manager, RBI, Kochi

Presentation by Shri Puneet Mehta, ICICI Bank

Talk by Shri N N Menon

LEFT: Interactive Session. **RIGHT:** A view of the audience

SEZs irrespective of the availability of the sunset clause.

Shri K Sreekumar, Assistant Manager (FE), RBI, Kochi made a detailed presentation on the FEMA regulations / guidelines / presentations. Thereafter, Shri Puneet Mehta, Product Manager, ICICI Bank, Mumbai made a presentation on the digital banking facilities and products / platforms available for businessmen, especially, for the SEZs.

Shri N N Menon, Foreign Trade Consultant made a detailed presentation on the documentation procedures while transacting between the SEZ / EOU / DTA combine.

Shri M C Rajeev, Head, FIEO, Cochin made a presentation on the role of FIEO in international trade. In the interaction time, Shri Saju K Surendran, DDC, CSEZ, Shri K Sreekumar of RBI, Sri N N Menon and Shri Puneet Mehta replied and clarified the queries of the participants.

Smt Sree Rajmohan, Regional Director, EPCES, gave a brief on the EPCES, its importance and the need for the units to acquire membership of the EPCES on time. She spoke about the setting up of the Regional Governing Council in the current year. She also proposed a vote of thanks to the dignitaries, associates, sponsors and participants.

Conclusion:

The meeting was followed by dinner. There were about 150 participants, mostly SEZs from the Infopark and CSEZ. All the participants appreciated the organisation and the topics selected for the programmw. Some of the units informed that the program was very useful and they requested the Council to organize more such events.

The Development Commissioner, CSEZ in his message appreciated and informed that the programme was very well organised and wished such good events to be continued in future. ■

EPCES at your Service

Grievance: grievances@epces.in

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

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

Hence, all the Regional Directors are requested to kindly inform all the members/units of your respective zones to kindly take advantage of this opportunity and send grievances to us at email: **grievances@epces.in**

EPCES News: newsletter@epces.in

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

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

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

GST AWARENESS

An awareness programme on the new GST regime was organized by the National Academy of Customs, Indirect Taxes and Narcotics (NACIN), Visakhapatnam zonal campus on February 7, 2020. It was organized in association with the Visakhapatnam Special Economic Zone at its administrative building at Duvvada. The participants included those from SEZs and EOUs.

A view of the meeting

The new GST regime—Sahaj and Sugam—comes into force from April 1, 2020. In order to acclimatize stakeholders the visiting faculty from NACIN gave a detailed presentation at the workshop on the filing process for returns.

Shri A. Rama Mohan Reddy, Zonal Development Commissioner, VSEZ appreciated the efforts of NACIN and Government of India in their efforts to simplify the GST returns and making them more user friendly, and said that the simplification is a part of Ease of Doing Business of Government of India, and will ensure more compliance of GST Regulations and will lead to realization of more revenues in the shape of indirect taxes. He pleaded with all the SEZ units to actively adopt the new returns and start implementing the same from April 1, 2020 onwards, which is mandatory. He also appreciated the role of 470 units situated in 53 SEZs in VSEZ, in contributing to the nation building process by strengthening the FOREX earnings and apprised the august gathering that VSEZ has achieved an export turnover of Rs. 84,276 crore in merchandise and services from its units and achieved an export growth rate of 37.14% and bagged the first position among all the 7 Zones in the country.

The representatives from SEZsand EOUs interacted with the faculty from NACIN and held dialogue on periodicity of returns, various annexures to the normal return and time limits to avail the credit.

From NACIN, faculty members C. A. Ananth Narayan, Shri Krishnamacharyulu, Assistant Commissioners and Shri P Murali Krishna, Superintendent, were present at the seminar. Shri Pradhamesh, Deputy Commissioner Customs from VSEZ and EPCES Regional Office coordinated the whole session. A number of unit representatives participated in the meeting. At the end, Shri Reddy pleaded with the NACIN to hold more hand-holding sessions, so that the units are able to comply better with the new forms. ■

EPCES UPDATES

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

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

https://forms.gle/fTqhzFtZybSreK678

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

EPCES, MEPZ SEZ, Chennai
Activities undertaken during January-March, 2020

Republic Day celebrations

Development Commissioner Dr M. K. Shanmuga Sundaram, hoisted the tricolour and delivered a speech at the MEPZ SEZ wherein he mentioned that the SEZ's exports had crossed the Rs 1 lakh crore figure—Rs 1,01,387 crore to be precise. He congratulated the exporters' community for this grand achievement.

Visit of Additional Secretary, Department of Commerce

Shri B.B. Swain, Additional Secretary, Department of Commerce, visited MEPZ SEZ on January 29, 2020. He had an interactive session with developers and units of the SEZ at the MEPZ conference hall. EPCES Regional Chairman Mr. Dhinesh Kumar Varadharajan attended the meeting and submitted the following representations.

- MEIS scheme continuity / alternative proposal for units in SEZs and EOUs
- DTA sales by SEZ /FTWZ
- Payment realisation of M/s. Severn Glocon
- Archaeology issues
- Lease Rent issues

Inauguration of Start Up Centre

The inauguration of the Start Up Centre was held on March 11, 2020 at MEPZ SEZ. It was attended by the Development Commissioner, Joint Development Commissioner, Deputy Development Commissioner and other officials of the Start Up units.

EPCES, SEEPZ SEZ
Activities undertaken during March 2020

During the month of March 2020, two important events were organized in SEEPZ SEZ by the Regional Council in association with DC, SEEPZ SEZ. The events were (i) FTA Outreach Program (ii) EU GSP (REX) Self certification (Training Session).

Report on FTA outreach program held on 11th March 2020 in SEEPZ SEZ

FTA outreach program was organized by the Development Commissioner, SEEPZ SEZ in association with EPCES in the Conference Hall, BFC Building, SEEPZ SEZ on 11.03.2020. About 23 representatives from selected SEZ Units and EOUs from different sectors participated in the session apart from senior representatives from SGJMA. Shri Vijay Gujrathi, Regional Chairman of EPCES, also took part in the deliberations.

Shri C. P. S. Chauhan, IRS, Joint Development Commissioner, SEEPZ SEZ welcomed Shri Bipin Menon, Director, RMTR Division, MoC&I, who presided over the session. Shri Menon explained the details of various FTAs in force. He made a power point presentation about the existing FTAs. He also briefly touched upon FTAs whose finalization with different countries is on course. He briefly stated about the countries and products to which Indian exporters have access. He spoke on how Indian companies can develop export opportunities in the US and China markets, and that the on-going trade conflict is being reviewed by both the countries. Several valuable inputs and suggestions were given by the trade representatives during the presentation which were duly noted by Shri Menon for further necessary action at the Ministry level.

The session concluded with a brief address on FTA issues by Shri Chauhan. The Regional Director of EPCES thanked Shri Bipin Menon, Shri Shyamal Sil, Under Secretary, MoC&I and officers from DC, SEEPZ administration and Customs apart from the all participants.

Report on EU GSP REX Training Program held on 11.03.2020 in SEEPZ SEZ

A training session on EU-GSP, REX System was organised by the Development Commissioner, SEEPZ SEZ in the Conference Room of BFC Building on 11.03.2020. The training session was attended by many Customs officers in SEEPZ SEZ and also officers from DC, SEEPZ administration. Senior officers from EIA were also present during the session.

Chauhan initiated the program with a brief introduction about its purpose. Shri Menon made a power-point presentation on step-by-step registration program for self-certification of origin by the registered exporters. Various doubts regarding different aspects of online processing of export related documents and sharing information were covered during the training session. Shri Chauhan also supplemented the study programme by explaining the registration system presently available in DC, SEEPZ and Customs Division in SEEPZ SEZ.

The EPCES's regional office in SEEPZ actively assisted the JDC, SEEPZ in organising the training program. The session concluded with a vote of thanks by Shri Chauhan. ■

BABA KALYANI COMMITTEE RECOMMENDATIONS

A meeting was convened by Shri Piyush Goyal, Hon'ble Union Minister for Commerce & Industry, Government of India, on January 9, 2020 at New Delhi to analyze the status report of Baba Kalyani Committee Recommendations. It was attended by Dr. Anup Wadhawan, Commerce Secretary, Shri B.B. Swain, Additional Secretary Commerce, Shri Senthil Nathan S, Deputy Secretary (EOU/SEZ/FOI), Shri Baba Kalyani, Chairman of the Committee, Shri Neil Raheja of Raheja Corp, Shri Srikanth Badiga of Phoenix Group, and CGC Member of EPCES, Shri Bhuvnesh Seth, Vice Chairman EPCES, Shri Alok Mukherjee, Convenor Legal and Policy Matters, and Shri Anand Giri, Deputy Director General, EPCES, along with representatives from the Department of Revenue, Department of Legal Affairs and legal firms.

Key recommendations

The Government had constituted a group of eminent persons under the chairmanship of Shri Baba Kalyani, Chairman M/s Bharat Forge, to study the Special Economic Zone (SEZ) Policy of India on June 4, 2018. The group submitted its report to the Government in December 2018. The key recommendations of the group were:-

- Framework shift from export growth to broad-based employment and economic growth (Employment and Economic Enclaves-3Es).
- Formulation of separate rules and procedures for manufacturing and service SEZs.
- Shift from supply driven to demand driven approach for 3Es development to improve efficiency of investment-based on certain industries, current level of existing inventory in the region.
- Enabling framework for Ease of Doing Business (EoDB) in 3Es in sync with State EoDB initiatives. One integrated online portal for new investments, operational requirements and exits-related matters.
- Enhance competitiveness by enabling ecosystem development by funding high speed multi modal connectivity, business services and utility infrastructure. It is critical to provide support to create high quality infrastructure either within or linked to the zones. High speed rail, express roadways, passenger/cargo airports, shipping ports, warehouses etc. are required.
- Promote integrated industrial and urban development—walk-to-work zones, states and center to coordinate on the frame work development to bring linkages between all initiatives.
- Procedural relaxations for developers and tenants to improve operational and exit issues.
- Extension of sunset clause and retaining tax or duty benefits.
- Broad-banding definition of services/allowing multiple services to come together.
- Additional enablers and procedural relaxations.
- Unified regulator for IFSC.
- Utilizing multi-services of SEZ IFSC for all the inbound and outbound investment of the country.
- Incentives for availing services from IFSC SEZ by domestic institutions.
- Extension of benefit under services export incentives scheme.
- Allowing alternate sectors to invest in sector specific SEZs/ 3Es.
- Flexibility of long-term lease for developers and tenants.
- Facility of sub-contracting for customers outside 3Es/SEZs without any restriction or cap at any level.
- Specified domestic supplies supporting 'Make in India' to be considered in NFE computation.
- Export duty should not be levied on goods supplied to developers and used in manufacture of goods exported.
- Flexibility in usage of NPA by developers and sale space to investors/units.
- Infrastructure status to improve access to finance and enable long term borrowing.
- Promote MSME participation in 3Es and enable manufacturing enabling service players to locate in 3E.
- Dispute resolution through arbitration and commercial courts.

In the meeting of January 9, 2020, a presentation was made by Department of Commerce giving details of recommendations which have been completed are as under:-

1. Review specific exclusions proposed in NFE computation in light of "Make in India" initiative specially projects of economic importance.
2. Sharing of duty exempted assets/infrastructure between units to be allowed against specific approval.
3. Inclusion of indigenous goods in NFE computation should be excluded as there is no foreign exchange outflow on procurement of indigenous goods and same is contrary to the objective of NFE and principles followed for EOUs.
4. Formalize "de-notification " process for enclaves and delink its present mandatory usage for SEZs purpose only.
5. Support to enable servicification of manufacturing zones, allowing manufacturing enabling services companies, e.g. R&D services, engineering design services, logistics services.
6. Broad-banding definition of services/allowing multiple services to come together. Review area requirements zone.
7. Developer should be allowed flexibility to enter into a long-term lease agreement with stakeholders in zones in line with the state policies.
8. The application for constructing minimum built-up area by Developer or Co-developer beyond a period of ten years from the date of notification of the Special Economic Zone (in which at least fifty percent of such area to be constructed within a period of five years from the date of such notification) to be considered by BOA on merits of each case.
9. Enabling provisions for transfer of approval from one co-developer to other co-developer.
10. Funds for last mile connectivity (TIES).

Other changes and initiatives taken by Department of Commerce for the SEZs

- Delegation of powers to Development Commissioner for shifting of SEZ unit from one zone to another
- Supplies of services in DTA against foreign exchange or Indian Rupees (considered as paid in foreign exchange by Reserve Bank of India) to be counted towards NFE.
- Requirement to consider the value of domestically procured inputs for the purpose of computation of NFE removed.
- Enable a trust to be considered for grant of permission to set-up a unit in a SEZ, including a unit to be set-up in the International Financial Services Centre (IFSC). This will also provide flexibility to the Government of India to include any entity that it may wish to notify from time to time to set-up a unit in a SEZ.
- Setting up of cafeteria, gymnasium, crèche, and other similar facilities / amenities allowed to the SEZ unit.
- Revised guidelines for Work from Home policy.
- Uniform list of services to SEZ.

In the presentation Key Reforms under Progress were informed as under:-

1. Replace NFE framework.
2. New eligibility criteria to be defined for SEZs based on:
   - Export focus
   - Investment in R&D, advanced technology, innovation, priority sectors
   - Employment generation
3. Domestic Sales from SEZ–to recover duty forgone plus nominal surcharge.
4. Idle capacity of existing SEZs to be utilized by allowing job work for DTAs on reversal of duty forgone plus nominal surcharge on incremental job work.
5. Domestic services payments to be allowed in INR to units—Department of Revenue (DoR) has also concurred on this.

Other recommendations

- Flexibility in usage of Non-Processing Area without restriction and alignment with local development regulations–under deliberation with DGEP.
- Reimbursement mechanism for taxes/duties for usage of facility in Non-Processing Area (developed using duty/tax paid assets) by units–under deliberation with the DGEP.
- No export duty should be levied on supplies from Domestic Tariff Area to SEZ as "exports" in terms of Customs Act, 1962 is for goods exported out of India.
- "Infrastructure status" to all stakeholders relating to development of zones–request sent to the DEA.

Hon'ble CIM examined the revamp of the SEZ policy with a view to meeting the global challenges being faced by Indian exporters. Discussions were also held to find a way out for the implementation of the remaining recommendations in order to facilitate the ease of doing business in the present global market scenario. ■

“Extend SEZ sunset clause”

By Ratan Moondra

Mr Ratan Moondra

The Special Economic Zones Act 2005 (SEZ Act) aims to provide for the establishment, development and management of SEZs for the promotion of exports and for matters connected therewith or incidental thereto. The modifications made to Income Tax Act, 1961 vide the SEZ Act were effective 10 February 2006, and included deductions under section 10AA for income of units in SEZ; deduction in respect of profits and gains by an undertaking or enterprise engaged in development of SEZ under section 80 IAB, and deduction in respect of certain incomes of offshore banking units and units in International Finance Services Centre (IFSC) under section 80 LA, etc.

The Finance Act 2016 paved the path for phasing out deductions and exemptions available to SEZ developers and units in SEZ under the Act:

1. **Section 10AA:** No deduction shall be available to unit commencing manufacture or production of article or thing or starting to provide services on or after the 1st day of April 2020 (financial year 2020-21 onwards). The Union Budget has not extended the Sunset Clause beyond March 31,2020.
2. **Section 80IAB:** No deduction shall be available if the specified activity commences on or after the 1st day April 2017 (financial year 2017-18 onwards).
3. **Section 80LA** deduction under section 80LA of the Act available to a unit in IFSC, does not have a sunset clause.

Technology, engineering and manufacturing companies are the most represented in SEZ facilities. Around one-third of India’s office market supply comes from SEZs, and Information Technology SEZs form a major chunk of exports, valued at more than $43 billion annually.

SEZs aim to attract foreign direct investment and improve the economy by exporting products and services and finding markets globally.

The withdrawal of the deduction of 10AA for units set up post 31 March 2020 shall result in tax outflow @ 30% (plus applicable surcharge and cess) on the profits and gains derived from the export of articles or things or from services rendered by a unit in SEZ.

The Government announced corporate tax cuts on September 20, reducing the effective tax rate for domestic companies and incentivizing setting up of new manufacturing units, Also the tax rate has been reduced to 15 per cent for companies formed after October 1, 2019 and commencing manufacturing on or before March 31, 2023. But the same benefits have not been extended for the Information Technology and Information Technology Enabled Services.

If an SEZ unit commences its operations on or before March 31, 2020, it shall be eligible to claim income tax benefit under section 10AA of the Income Tax Act. Units set up prior to April 1, 2020 will continue to enjoy the benefit in a phased manner for balance period of 15 years. Despite the sunset benefit, incremental tax is meager, ranging from 0.75 per cent to 1.35 per cent of total turnover. This is by presuming low probability of utilization of MAT credit being contingent.”

The gap between tax rates for normal companies and tax exempted companies in SEZ was significant. Hence, the direct tax benefit for SEZ units was attractive

Seeing the advantage provided in SEZ Act and Income Tax Act the growth of SEZ units and SEZ developers is envisaged but that will be seriously hit since the sunset clause u/s 10AA of Income Tax Act has not been extended. It will affect FDI inflow into India and due to that employment will also be hit hard which is a burning problem that India as a nation is facing.

The SEZ sunset clause should not be there. They should continue to provide tax benefits on the SEZ because this is an industry which has still got a lot of potential for employment and foreign exchange, so they should extend the SEZs.

We would like to request the Government of India to amend section 10AA of the Income Tax Act to remove the sunset date of 31st March 2020 for commencement of activity of manufacture or production of any article or thing or providing services by a unit located in a SEZ for availing the deduction under said section.” ■

CIRCULARS TO WATCH

E-invoice: New E-invoicing system is going to be implemented in GST which is mandatory from 1st April 2020 for taxpayers having an annual turnover exceeding Rs. 100 crore and then gradually to all B2B suppliers in future. A mechanism for the continuous upload of revenue invoices on a real-time basis.This is most remarkable change coming in Indian Book Keeping. A path breaking accounting reform.

[EPCES CIRCULAR NO. 332 DATED 8.1.2020]

New IRP in GST: Invoice Registration Portal (IRP) would be introduced this new year. IRP shall make an e-invoice of the invoices uploaded by the supplier. IRP shall send the e-invoice to the supplier and recipient. IRP shall send e-invoices data to GSTN Portal also through inter connectivity protocol.

[EPCES CIRCULAR NO. 332 DATED 8.1.2020]

New Return: New simplified automated GST returns would be implemented from 1st April 2020 for all taxpayers. This new returns system is expected to increase compliance and reduce tax evasion to a larger extent.

[EPCES CIRCULAR NO. 332 DATED 8.1.2020]

Annexure 1 -and Annexure 2: Anx-1 of Outward Supplies and Anx-2 of Inward Supplies will be the future base for filing of all GST Returns, thus these 2 reports will be the key for future reports of GST which will replace GSTR 1 and GSTR-2A.

[EPCES CIRCULAR NO. 332 DATED 8.1.2020]

Restriction on claim of ITC: With effect from 01/01/2020, ITC in respect of invoices or debit notes that are not reflected in taxpayer's FORM GSTR-2A shall be restricted to 10 per cent of the eligible ITC reflected in his FORM GSTR-2A. Earlier the restriction was 20%. A major change in ITC availment.

[EPCES CIRCULAR NO. 332 DATED 8.1.2020]

E-way Bill and GSTR-1: From 11th January, 2020 non-filing of GSTR-1 for two consecutive periods would block generation of E-way Bill. Thus, regular filing of GSTR-1 and GSTR-3B in year 2020 should go hand in hand.

[EPCES CIRCULAR NO. 332 DATED 8.1.2020]

Waiver of late fees for Non-filing of GSTR-1: If the taxpayer has failed to file GSTR-1 from July 2017 to November 2019, then the taxpayers can file such returns till 10 January, 2020 and the late fees for the same has been waived of. This will also impact GSTR-2A of the recipient to claim ITC.

[EPCES CIRCULAR NO. 332 DATED 8.1.2020]

GST Audit and Annual Return: The due date for filing GST Annual Return and Audit Report for F.Y. 2017-18 has been further extended to 31st January, 2020.The due date for filing GST Annual Return and Audit Report for F.Y 2018-19 has been extended to 31st March, 2020. For F.Y 2019-20 new format may be brought in because of inherent limitations in current forms.

[EPCES CIRCULAR NO. 332 DATED 8.1.2020]

Departmental Audit: Once Annual Returns are filed, the Departmental Audit will commence based on risk parameters and Data analysis. It would be done in order to check significant deviations in returns.

[EPCES CIRCULAR NO. 332 DATED 8.1.2020]

GSTN Network is proposed to be re-engineered for more taxpayer-centric services like reminder of return filing, status of refund, ITC matches and mismatches, etc.

[EPCES CIRCULAR NO. 332 DATED 8.1.2020]

Development Commissioners are authorized to approve proposals for consolidation of goods related to manufactured articles: Directorate General of Foreign Trade (DGFT) vide Notification No. 42/2015-20 dated 10.1.2020 has authorized the Development Commissioner/designated officer concerned, to approve proposals for consolidation of goods related to manufactured articles. Earlier BOA was authorized for the same.

[EPCES CIRCULAR NO. 333 DATED 15.1.2020]

SOP to be followed by exporters for refund of IGST: The GST Policy Wing of Department of Revenue, CBIC has issued a Circular No. 131/1/2020 dated 23.01.2020 informing about the Standard Operating Procedure (SOP)to be followed by exporters with regard to refund of Integrated Goods & Services Tax (IGST)on export of Goods.

[EPCES CIRCULAR NO. 334 DATED 28.1.2020]

MIP on Cashew karnels not applicable for import by EOUs & SEZs: DGFT had revised Minimum Import Price on Cashew Karnels imported under HS Code 08013210 and 08013220 vide Notification No. 8/2015-20 dated 12.6.2019. On the basis of representation from trade bodies, DGFT clarified vide Trade Notice No. 50/2019-20 dated 14.2.2020, that MIP on Cashew Karnels (HS Codes 08013210 and 08013220) is not applicable for imports by 100% EOUs and SEZ units

[EPCES CIRCULAR NO. 335 DATED 17.2.2020]

User manual for e-invoice published by GST Council: The GST Council has approved introduction of 'E-invoicing' or 'electronic invoicing' in a phased manner for reporting of business to business (B2B) invoices to GST System, starting from 1st January 2020 on voluntary basis.GST Council has published a User Manual to explain the concept of e-invoice, how it operates and basics of standards etc.This new system of e-invoicing aims to make invoice reporting an integral part of a business process and remove the tedious task of invoice-compilation at the end of a return period. The e-invoice system will help to curb the actions of unscrupulous taxpayers and reduce the number of fraud cases as the tax authorities will have access to data in real-time.The basic aim behind adoption of e-invoice system by tax departments is ability to pre-populate the return and to reduce the reconciliation problems.The E-Invoice System User Manual is available at the below address:-
https://www.gstn.org.in/e-invoice/

[EPCES CIRCULAR NO. 336 DATED 18.2.2020]

Schemes for Rebate of State and Central Taxes and Levies (RoSCTL) and Additional Ad-hoc Incentive for export of garments and made-ups [Detailed circular No. 13/2020-Customs dated 19.2.2020]

- Government had notified the scheme for Rebate of State Levies (RoSL) to mitigate the incidence of State VAT and other State taxes on export of garments and made-ups (falling under Chapters 61, 62 and 63 of AIR schedule of duty drawback). CBIC Circulars No. 43/2016-Customs dated 31.08.2016 and No. 8/2017-Customs dated 20.03.2017 may kindly be referred.
- Ministry of Textiles (MoT) vide notification No. 14/26/2016-IT (Vol.11) dated 07.03.2019 notified the scheme, namely, Rebate of State and Central Taxes and Levies (RoSCTL) to rebate the incidence of various State as well as Central taxes / levies suffered on export of garments and made-ups. MoT has also notified the rates of rebate under RoSCTL scheme vide notification No. 14/26/2016-IT (Vol.11) dated 08.03.2019.
- In this regard CBIC had issued Circular No. 10/2019-Customs dated 12.03.2019 for guidance of field formations and the trade.
- DGFT vide their Public Notice (PN) No. 58/2015-20 dated 29.01.2020 has withdrawn the benefit under Merchandise Exports from India Scheme (MEIS) for items falling under Chapters 61, 62 and 63 w.e.f. 07.03.2019, i.e. the date of introduction of RoSCTL scheme.
- To compensate exporters affected under the RoSCTL scheme, Ministry of Textiles notification no. 14/26/2016-IT/Vol. II dated 14.01.2020 has notified the scheme for Additional Ad-hoc Incentive of upto 1% of FoB value to be given to such exports of garments and made-ups.
- DGFT has revised paragraph 4.95 & 4.96 of HBP vide PN dated 29.01.2020, to provide for procedure to apply for incentive, recovery mechanism etc. under RoSCTL and Additional Ad-hoc Incentive schemes
- The benefit of RoSCTL scheme shall be available for export of garments and made-ups with Let Export Order (LEO) dates from 07.03.2019 to 31.03.2020, while for Additional Ad-hoc Incentive scheme, the benefit shall be available for exports with LEO dates from 07.03.2019 to 31.12.2019.
- A detailed Circular No. 13/2020-Customs dated 19.2.2020 has been issued by Department of Revenue, CBIC, Ministry of Finance informing that Government has notified the use of scrips for payment of specified duties of Customs under the RoSCTL and Additional Ad-hoc Incentive schemes. It is further informed that Systems Directorate in CBIC will also issue a suitable advisory in the matter. A copy of the same is reproduced below for kind information of the members.

[EPCES CIRCULAR NO. 337 DATED 28.2.2020]

Implementation of automated clearance on All-India basis: Central Board of Indirect Taxes & Customs

(CBIC), Department of Revenue, Ministry of Finance, Government of India has issued Circular No. 15/2020-Customs dated 28.2.2020 informing that CBIC has reviewed the implementation of the pilot roll-out of automated clearance at the two customs locations. It has now been decided to extend the facility of automated clearance of Bills of Entry to all customs formations where the Customs EDI system is operational, with effect from 05.03.2020.

The important features of the automated clearance are as follows:-

i. The facility will only be for ICES locations where RMS is enabled and fully functional.
ii. All the Customs Compliance Verification (CCV) requirements under the Customs Act, rules, instructions etc will be done by the designated proper officer of Customs.
iii. The CCV would operate even while duty has not been paid or payment is under process.
iv. After completion of CCV, the proper officer of customs, on satisfaction that the goods are ready for clearance, will confirm the completion of the CCV for the particular Bill of Entry in the Customs System.
v. On confirmation of payment of applicable duty, the Customs System will then electronically give clearance to the Bill of Entry.

[EPCES CIRCULAR NO. 338 DATED 2.3.2020]

Steps taken by CBIC to facilitate clearances in view of situation arising due to Corona Virus: CBIC has issued instructions to facilitate clearances in view of situation arising due to Corona virus. CBIC has requested Chief Commissioners to immediately workout the arrangement and deployment sufficient number of officers on 24x7 basis at sea ports/air cargo stations/ICDs/CFSs etc. Further JNCH Public Notice No. 24 dated 20.2.2020 issued stating that the Bill of Entry filed late for clearance of import consignments from China will not attract any late fee charges based on a letter submitted by the importer/custom broker that the delay in filing the BOE was on account of non-receipt of documents from China. These CBIC instructions were circulated vide DGFT Trade Notice No. 52 dated 2/3/2020. The Trade Notice No. 52 is available at the link:- http://dgft.gov.in/sites/default/files/Trade%20Notice%20No.%2052-2019-20%20%2802-03-2020%29-1_0.pdf

[EPCES CIRCULAR NO. 339 DATED 13.3.2020]

Steps taken by Department of Finance Services (DFS) with regard to disruption on account of Corona Virus: Please see accompanying DGFT Trade Notice No. 55/2019-20 dated 12.3.2020 regarding the steps taken by the Department of Financial Services (DFS) with regard to "Disruption on account of Corona Virus" DGFT Trade Notice No. 55/2019-20 dated 12.3.2020 is available at the below link:- http://dgft.gov.in/sites/default/files/Trade%20Notice%20No.%2055%20%282019-20%29.pdf

[EPCES CIRCULAR NO. 339 DATED 13.3.2020]

EPCES has taken up the problems and challenges faced by EOUs & SEZs at different levels with Government of India. As a result of these submissions and recommendations by EPCES Government of India has issued some directions & clarifications for smooth functioning of EOUs & SEZs. All the relaxations, clarifications by Ministry of Commerce, DGFT, GST, Excise, RBI, Income Tax etc were compiled in a detailed tabulated form and circulated vide this circular.

[EPCES CIRCULAR NO. 339(i) DATED 7.4.2020]

EPCES has issued an all Member Circular requesting members to provide their contribution towards fight against COVID-19 spread.

Members were further requested to download AarygyaSetu Application on their mobiles as a safety measure provided by the Government of India.

[EPCES CIRCULAR NO. 339(ii) DATED 9.4.2020]

Various clarifications/relaxations issued by Department of Commerce: The Department of Commerce took up the issues raised by EPCES with the concerned departments. Department of Commerce vide their letter dated 29.4.2020 addressed to all Development Commissioners has provided the status of their representation submitted to various government agencies. The details were circulated to all members vide EPCES circular No. 340.

[EPCES CIRCULAR NO. 340 DATED 29.4.2020]

Interim relief to SEZ units in release rent on account of COVID-19 outbreak: Department of Commerce issued a letter No. File No. K-43014(16)/5/2020-SEZ dated 11.5.2020, addressed to all the Development Commissioners, informing that (i) There will be no increase in the lease rent for the SEZ units for the FY 2020-21. (ii) Payment of lease rent of first quarter is to be deferred upto 31st July, 2020 for all SEZ units. (iii) The deferment of lease rent may not invite any interest thereof. (iv) DCs were also requested to advise developers of state govt/private SEZs to consider similar relief measures in their zones.

[EPCES CIRCULAR NO. 341 DATED 11.5.2020]

Department of Commerce vide letter No. K-43022/7/2020-SEZ (3145523) dated 20.4.2020, addressed to all the Development Commissioners, informing that during the course of interaction with the stakeholders (developers & units) of SEZs and EOUs, it was suggested that in view of the current pandemic and the resultant economic crisis, the fixed charges on water/property tax shall be exempted for a period of three months. All the Development Commissioners were requested to kindly take up the matter with the State Government/local authorities at their level. EPCES is following up the issue further.

[EPCES CIRCULAR NO. 341 DATED 11.5.2020]

GST Relief measures in respect of COVID-19 outbreak through Government Ordinance dated 31.3.2020: GST Council, vide its newsletter April 2020 informed that the Government has passed an ordinance on 31 March 2020 namely "The Taxation and other Laws (Relaxation of Certain Provisions) Ordinance, 2020 for various trade facilitation measures in wake of COVID 19. Following the power vested through the above ordinance, following notifications and circulars have been issued in this regard(i) Relaxation in opting for composition scheme and cumulative adjustment of ITC (ii) Relaxations in filing of GST Returns, late fee and interest (iii) Due date of CMP-08 & GSTR-4 extended (iv) Validity of E-Way Bill extended (v) Clarification issued in implementation of provisions of CGST Act (vi) Implementation of decision to expedite pending refund claims

[EPCES CIRCULAR NO. 342 DATED 11.5.2020]

On the basis of the Video Conferences held in the month of April 2020, Department of Commerce had taken up certain issues with the Directorate General of Export Promotion, Department of Revenue. Department of Commerce vide its communication no. K-43022/7/2020-SEZ (3145523) dated 15.5.2020, addressed to all the Development Commissioners of SEZs, has given the details of issues taken up with DG(EP) and the inputs received from DGEP vide their OM dated 6.5.2020. A copy of the communication from the Department of Commerce dated 15.5.2020 providing various updates on refund of GST to DTA suppliers, extension of timelines for e-way bills, release of export/import shipments from ports, reduction/ elimination of GST on foreign currency conversion charges, ab-initio exemption from payment of GST to EOUs, elimination of physical submission of documents for customs clearances, elimination of the requirement of obtaining transhipment permission for movement of import cargo from port area of SEZs in case of port-based SEZs like Mundra, disbursement of duty drawback for supply of goods from DTA to FTWZ, permission to file a consolidated bill of entry in case of e-commerce from FTWZ, exemption of GST on services rendered and consumed within FTWZ, permission to return the diamond to DTA without duty etc., is attached for kind information of the members.

[EPCES CIRCULAR NO.343 DATED 15.05.2020]

Existing and Revised Definition of MSMEs

Existing MSME Classification			
Criteria : Investment in Plant & Machinery or Equipment			
Classification	**Micro**	**Small**	**Medium**
Mfg. Enterprises	Investment<Rs.25 lac	Investment<Rs.5 Cr.	Investment<Rs.10 Cr.
Service Enterprises	Investment<10 lac	Investment<Rs.2 Cr.	Investment<Rs.5 Cr.

Revised MSME Classification			
Composite Criteria : Investment And Annual Turnover			
Classification	**Micro**	**Small**	**Medium**
Manufacturing & Services	Investment<Rs.1 Cr. and Turnover<Rs.5 Cr.	Investment<Rs.10 Cr. and Turnover<Rs.50 Cr.	Investment<Rs. 20 Cr. and Turnover<Rs.100 Cr.

VISAKHAPATNAM SPECIAL ECONOMIC ZONE

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

- 53 Operational SEZs with 469 Units and ample vacant land and ready built space available for lease.
- Hassle Free Environment.
- Infrastructure - Excellent Road Network, Airports, Major Ports, Rail Network, Telecommunication Network & Uninterrupted power supply.
- Fully functional SEZs with world class internal infrastructure like Roads, ETPs, Storm water drains.
- Electricity, Water and Telecommunication.
- Pro-active State Governments, Attractive Incentives & Industrial Friendly Policies.
- Availability of Trained and skilled manpower in the vicinity.

Advantages of SEZ

Save Money (Duty Free Procurement)

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

REDUCED RISKS

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

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

Visakhapatnam SEZ   Development Commissioner

@dcvsez   devcomm.vsez.visakha

ACHIEVEMENTS

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

INCENTIVES

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

INVEST IN SEZs

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