



Sector Wise Goods Exports - Trade Export

| Rank | Commodities | Values in Million USD | | | | % Change | |
|------|--|-----------------------|------------------|-----------------|------------------|--------------|---------------|
| | | Dec'23 | Apr'23-Dec'23 | Dec'24 | Apr'24-Dec'24 | Dec'24 | Apr'24-Dec'24 |
| 1 | Engineering Goods | 10,008 | 79,329 | 10,843 | 87,216 | 8 | 10 |
| 2 | Petroleum Products | 6,889 | 61,910 | 4,917 | 49,010 | -29 | -21 |
| 3 | Electronic Goods | 2,648 | 20,309 | 3,578 | 26,117 | 35 | 29 |
| 4 | Drugs & Pharmaceuticals | 2,477 | 20,401 | 2,493 | 21,699 | 1 | 6 |
| 5 | Gems & Jewellery | 2,899 | 24,306 | 2,130 | 21,364 | -27 | -12 |
| 6 | Organic & Inorganic Chemicals | 2,528 | 20,231 | 2,454 | 21,236 | -3 | 5 |
| 7 | RMG of all Textiles | 1,295 | 10,142 | 1,462 | 11,316 | 13 | 12 |
| 8 | Cotton Yarn/Fabs./made-ups, Handloom Products etc. | 938 | 8,670 | 1,050 | 8,915 | 12 | 3 |
| 9 | Rice | 871 | 7,319 | 1,428 | 8,725 | 64 | 19 |
| 10 | Plastic & Linoleum | 736 | 5,929 | 781 | 6,697 | 6 | 13 |
| 11 | Marine Products | 625 | 5,852 | 724 | 5,677 | 16 | -3 |
| 12 | Meat, dairy & poultry products | 430 | 3,310 | 506 | 3,646 | 18 | 10 |
| 13 | Man-made Yarn/Fabs./made-ups etc. | 375 | 3,428 | 422 | 3,610 | 13 | 5 |
| 14 | Mica, Coal & Other Ores, Minerals including processed minerals | 393 | 3,428 | 485 | 3,522 | 23 | 3 |
| 15 | Leather & leather products | 354 | 3,253 | 369 | 3,311 | 4 | 2 |
| 16 | Spices | 365 | 2,909 | 371 | 3,161 | 2 | 9 |
| 17 | Ceramic products & glassware | 340 | 3,265 | 367 | 3,000 | 8 | -8 |
| 18 | Fruits & Vegetables | 315 | 2,513 | 327 | 2,656 | 4 | 6 |
| 19 | Cereal preparations & miscellaneous processed items | 239 | 2,089 | 262 | 2,302 | 10 | 10 |
| 20 | Tobacco | 129 | 1,111 | 161 | 1,530 | 24 | 38 |
| 21 | Iron Ore | 574 | 2,649 | 149 | 1,491 | -74 | -44 |
| 22 | Handicrafts excl. handmade carpet | 135 | 1,172 | 155 | 1,319 | 15 | 13 |
| 23 | Coffee | 72 | 877 | 99 | 1,247 | 37 | 42 |
| 24 | Carpet | 123 | 1,038 | 134 | 1,150 | 9 | 11 |
| 25 | Oil Meals | 183 | 1,227 | 139 | 1,015 | -24 | -17 |
| 26 | Oil seeds | 143 | 1,032 | 141 | 1,009 | -1 | -2 |
| 27 | Tea | 76 | 608 | 85 | 689 | 11 | 13 |
| 28 | Jute Mfg. including Floor Covering | 25 | 259 | 38 | 284 | 52 | 10 |
| 29 | Cashew | 36 | 249 | 53 | 255 | 46 | 2 |
| 30 | Other cereals | 25 | 455 | 43 | 190 | 68 | -58 |
| | Sub-Total | 36243.39 | 299269.34 | 36162.34 | 303357.47 | -0.22 | 1.37 |
| | GRAND TOTAL | 38391.03 | 316649.87 | 38010.71 | 321708.66 | -0.99 | 1.60 |

Note 1: Exports include Re-Exports.

Note 2: The figures for DEC'24 are provisional.

Note 3: Grand total is inclusive of component 'Other

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EPCES News

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

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EPCES Participates in Finance Minister's Pre-Budget Consultation with "Trade and Services" Group

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Srikanth Badiga
Chairman, EPCES



This 3.3% annual growth has been driven largely by a 7% rise in trade in services, contributing \$500 billion to the overall expansion. Trade in goods has grown at a slower 2% this year, remaining below its 2022 peak



My Dear Colleagues

Happy New Year!!!

UN Trade and Development (UNCTAD) projects that global trade is poised to hit an all-time high of nearly \$33 trillion in 2024, up \$1 trillion from the previous year. This 3.3% annual growth has been driven largely by a 7% rise in trade in services, contributing \$500 billion to the overall expansion. Trade in goods has grown at a slower 2% this year, remaining below its 2022 peak. The 2025 trade outlook is clouded by potential US policy shifts, including broader tariffs that could disrupt global value chains and impact key trading partners. Such measures risk triggering retaliation and ripple effects, affecting industries and economies along entire supply chains. Even the mere threat of tariffs creates unpredictability, weakening trade, investment and economic growth.

India's total exports (Merchandise and Services combined) for December 2024 is estimated at USD 70.67 Billion, registering a positive growth of 0.92 percent vis-à-vis December 2023. India's total exports during April-December 2024 is estimated at USD 602.64 Billion registering a positive growth of 6.03 percent. Total imports during April-December 2024 is estimated at USD 682.15 Billion registering a growth of 6.91 percent.

You will be happy to know that I had the opportunity of participating in the Hon'ble Finance Minister's pre-budget consultation of the "Trade and Services" group on 26th December 2024 and I raised the issue of delay in SEZ reforms through either long pending DESH Bill or through amendment in SEZ Act. I requested to have some amendments in SEZ Act through Finance Bill itself for SEZ to DTA supply on duty foregone basis and payment in INR for supplies to DTA. We have sent a formal request to Secretary, D/o Economic Affairs in this regard. GCCs are optimistic about our future prospects backed by the return-to-office culture. The proposed amendments simplifying the SEZ Act, coupled with INR payments will certainly open up manifold opportunities within the service industry.

EPCES has been in regular touch with Commerce and Finance Ministries about the difficulties being faced by the members in the rollout of ICEGATE in SEZs w.e.f. 1.7.2024. Thanks to EPCES follow up, it has been decided to continue the facility of filing of documents through SEZ Online till 17.2.2025. EPCES has also taken up with Government for extension of RoDTEP to SEZs and EOUs till 30.9.2025 on the pattern of DTA exporters. It has been extended for SEZs and EOUs till 29.1.2025 on an interim basis.

Let's hope budget brings some good news for exporting community in general and SEZ and EOU community in particular. We will be happy to hear from you for suggestions for improving this news magazine.

With best wishes,

Srikanth Badiga

Dear Members,

Happy New Year!!!

In the WTO update of 13 December 2024, global trade volume for the year through September was up 2.4%, slightly less than the WTO's most recent forecast of 2.7% for 2024. Meanwhile, the value of merchandise trade was up 1.6% over 2023. Slower trade growth in value terms than in volume terms implies a small (less than 1%) decline in prices of traded goods during this period. The projected 2.7% increase in the volume of world merchandise trade in 2024 is attainable if quarter-on-quarter growth in Q4 continues at around the same rate of 1.1% as in Q3. This is quite likely since the most recent WTO Goods Trade Barometer of 9 December signalled continued trade expansion through the end of the year. However, the short-term outlook for trade is clouded by rising global trade tensions.

During April-December 2024, Indian merchandise exports increased by 1.6% to US\$ 321.71 billion, while services exports grew by 11.6% to US\$ 280.94 billion, resulting in an overall export growth of 6% to US\$ 602.64 billion. Due to the transition from SEZ Online to ICEGATE, effective from July 1, 2024, the mechanism for data sharing between the DG System and the Commerce Ministry regarding exports and imports from SEZs is still under process.

Chairman, EPCES participated in the Hon'ble Finance Minister's pre-budget consultation of the "Trade and Services" group on 26th December 2024 and raised the issue of delay in SEZ reforms through either long pending DESH Bill or through amendment in SEZ Act. He requested to have some amendments in SEZ Act through Finance Bill for SEZ to DTA supply on duty foregone basis and payment in INR for supplies to DTA.

Rollout of ICEGATE in SEZs w.e.f. 1.7.2024 has been very difficult for our members. EPCES has strongly take it up with the Department of Commerce and the Department of Revenue/ CBIC. Commerce Secretary reviewed the same on 10.12.2024. Commerce Ministry has decided for parallel operation of existing arrangement through SEZ Online till 17.2.2025. EPCES has also taken up with Government for extension of RoDTEP to SEZs and EOUs till 30.9.2025 on the pattern of DTA exporters. It has been extended for SEZs and EOUs till 29.1.2025 on an interim basis. On EPCES follow up, Hybrid work facility in SEZs has also been extended till 31.12.2027.

Among our regular articles, you will find information about the status of issues taken by the EPCES with the Government, details of queries answered by our knowledge partner in addition to activities at headquarter and regional levels. We will be happy to hear from you for suggestions for improving the news magazine.

With best wishes,



Alok V Chaturvedi



Alok V Chaturvedi
Director General, EPCES



The projected 2.7% increase in the volume of world merchandise trade in 2024 is attainable if quarter-on-quarter growth in Q4 continues at around the same rate of 1.1% as in Q3. This is quite likely since the most recent WTO Goods Trade Barometer of 9 December signalled continued trade expansion through the end of the year.





EPCES Participates in Finance Minister's Pre-Budget Consultation with "Trade and Services" Group

Hon'ble Finance Minister held a pre-budget consultation of the "Trade and Services" group on 26th December 2024 in North Block. Union Minister for State for Finance Shri Pankaj Chaudhary; Finance Secretary and Secretary DIPAM, Shri Tuhin Kanta Pandey, Secretary, D/o Economic Affairs, Shri Ajay Seth, Secretary, D/o Financial Services, Shri M. Nagaraju, Commerce Secretary Shri Sunil Barhwal, DGFT Shri Santosh Sarangi, Chief Economic Adviser, Dr. V. Anantha Nageswaran, and senior officers from the Ministry of Finance were also present. Chairman, EPCES, Shri Srikanth Badiga represented the EPCES. Presidents and Chairmen of organizations such as NASSCOM, FIEO, MPEDA, AEPC, CLE, and other EPCs were also there.

Shri Badiga presented the following demands of the SEZ and EOU sector in the meeting:

(i) Extension of RoDTEP scheme to SEZs and EOUs till 30.9.2025 on the pattern of DTA exporters

Vide DGFT Notification No 32/2024-25 dated 30.9.2024, RoDTEP scheme has been extended till 30.9.2025 for DTA exporters and till 31.12.2024 for EOU/SEZ Units/AA holders. There is no justification for this differential treatment for exporters from SEZ/EOU/AA holders. If there is budget constraint, the differentiation may be done on the basis of sectors/products rather than on the basis of DTA vis-a-vis SEZ/EOU/AA holders. Therefore, RoDTEP scheme should be extended till 30.9.2025 for EOU/SEZ Units/AA holders as well. SEZ and EOU exporters have already suffered a lot because of huge difficulties in rollout of ICEGATE in SEZs and IGCR in EOUs.

(ii) Amendments in SEZ Act through Finance Bill

It should be appreciated that SEZs are regulatory laboratories where policies/regulation can be tested in a world class infrastructure. It will be ideal if the same is available throughout the country. But it is difficult to create world class infrastructure in the entire country due to resource constraints and it is difficult and time-consuming in implementing labour and environment policies in the entire country due to socio-

political constraints. Therefore, regulatory procedures may be tested in limited areas of SEZs first where world class infrastructure has been provided by private sector. This could be on the pattern of fiscal benefits given to International Financial Services Centre in GIFT City SEZ. The key proposals are as follows:

- a. Supplies to Domestic Tariff Area should be on duty foregone basis as in the case of US/China and many other countries rather than on payment of full customs duties. Companies should not be expected to set up two plants – one for exports and one for domestic market reducing economy of scale and export competitiveness. It is already allowed in MOOWR and EOUs schemes. It may be allowed at least in case of goods which are being imported at zero or reduced custom duties under various trade agreement with different countries/regions. This will promote Make in India and Atmanirbhar Bharat initiatives.
- b. Payment for supplies of services to DTA should be allowed in INR. It is allowed

in case of goods. No justification for buying foreign currency for payment for services for SEZ to DTA transactions. Therefore, definition of “Services” should be amended in Sec 29(z) of SEZ Act

- c. Subcontracting between SEZ and DTA should be streamlined and various restrictions placed through SEZ Rules should be removed.

(iii) No export duty on supplies from DTA to SEZs – Amendment in SEZ Rules

There is no justification for export duty on raw material supplies from DTA to SEZ because of following:

- a. these goods are used for manufacturing export products. It should be noted that there is no export duty on such manufactured export products.
- b. Through this export duty on raw material, SEZs are put to disadvantage vis-à-vis DTA in respect of manufacturing of such export goods using such raw material (having export duty). DTA companies don't have



to pay such export duty on raw material for manufacturing export goods.

- c. In fact, export duty should be levied only if such raw material is exported abroad as it is from SEZs.
- d. In any case, export duty should not be levied through SEZ Rules against the provisions of the SEZ Act.
- e. High Court has also held against such imposition of export duty on DTA to SEZ supplies in the case of Essar Steel Limited & Kamyab Overseas Private Limited, wherein it was held that supply of goods from DTA to SEZ would not amount to exports, and Customs duty cannot be imposed since the goods were not taken outside India.

Therefore, the fifth proviso of SEZ Rule 27(1) should be deleted.

(iv) Relaxations in conditions of utilization of amount credited to the SEZ Reinvestment Reserve Account under Sec 10 AA for 3rd block of 5 year period in case of units in Services sector.

As per sec 10AA (1) (ii) of IT Act r/w 10AA(2)(a) (i), for the third block of 5 years, a deduction of amount up to 50% of the profit is allowed for calculation of total income which has to be utilized by the unit for the purpose of acquiring machinery or plant in accordance with 10 AA(2)(b). However, in case of units in services sector, it is not possible to spend on plant and machinery as their main capital is employees. Therefore, there is need for relaxation in this condition which is suitable for units in services sector. In case of services sector, units should be asked to spend towards hiring additional new employees.

(v) Minor amendments in new SEZ Rule 11B - Only proportionate duty benefits to be returned

SEZ Rule 11B has been inserted to demarcate a non-processing area in IT/ITES SEZs where

normal (Non SEZ) IT/ITES business can be set up. This will be contingent on return of duty benefits attributable to Non processing Area and for creation of social and commercial infrastructure. However, there is a need for minor Changes in Rule 11B so that only proportionate duty benefits (proportional of demarcated non-processing area to total area) under Rule 11B (5(ii)) are required to be returned for creation of social and commercial infrastructure and non-availability of tax benefits under Rule 11B (9) should also be only on O&M of proportional common infrastructure and facilities (proportional of demarcated non-processing area to total area).

(vi) Clarity regarding Permanent Establishment and double taxation in case of warehousing services being provided to foreign clients in SEZs/FTWZs

There is a need for promotion of free trade warehousing in India to bring this business from UAE, Singapore and Hong Kong. Overseas Entities procuring warehousing and other value added services in Indian FTWZs through FTWZ units as per SEZ Act and Rules should not be treated to have a Permanent Establishment under the Income Tax Act 1961 and consequently they should not run the risk of double taxation in India and in home country. There is a need for clarity from CBDT in this regard.

(vii) Need for clarity in Section 80 IAB of IT Act

There is a need for clarity with regards to Section 80 IAB of IT Act as amended through the Finance Bill 2016-17. It says that benefits will not be available to a developer where the development of SEZ begins on or after 1.4.2017. The term "development of SEZ begins" is confusing. This requires clarity.



Commerce Secretary Reviews ICEGATE Implementation in non-IT/ITES SEZs

As a result of constant follow up by EPCES bringing out the difficulties being faced by SEZ Units in using ICEGATE, Commerce Secretary held a 2nd review meeting on 10th December 2024 in Vanijya Bhawan. The meeting was attended by Shri L. Satya Srinivas, Additional Secretary, Department of Commerce, Shri Anuj Gogia, Principal ADG, DG Systems, CBIC, Shri Alok Gupta, Pr ADG, Directorate General of Systems & Data Management, Shri Vimal Anand, Joint Secretary Department of Commerce and other senior officers from CBIC and D/o Commerce. While Shri Naveen Kanth, GM commercial, M/s. IDEMIA SYSCOM INDIA, Shri

E S Shankar, Director, Onn Synex, Shri Devashish Baranwal, GM shipping, M/S. Romson International, Shri Ram Kishan Bhardwaj, GM shipping, M/s. Gripwell India participated physically, many others from units such as Cipla, Zydus, Senador, Reliance, Mangalore Refinery & Pterochemicals, Vedanta, Arshiya, DHL, Amity Shipping & Logistics, DP World, Brandix India Apparel City, Dell, Rain Cii Carbon participated in VC mode.

Shri Alok Chaturvedi, DG, EPCES presented the difficulties being faced by SEZ units in detail. The priority wise list is as follows:

| Priority | Issue |
|----------|--|
| 1 | <p>Are there any benefits in having ICEGATE in SEZ</p> <p>1. SEZs units have been put to huge problems since 1.7.2024. No certainty in getting export consignment cleared / import cargo receipt in SEZs. Demurrage charges, detention of trucks at SEZ gates for getting the permission to move cargo from SEZ to ICDs/Gateway ports. Problem resolution is slow, tedious. No dedicated "ICEGATE on SEZ" knowing staff in zonal DC offices to attend to SEZ unit's problems. Inadequate Support system as DG Systems has problem of manpower to train the SEZ Units. DG Systems has many other IT work for the main ICEGATE/ICES besides SEZs.</p> <p>2. These are not even teething problems. Many modules have not been developed yet. And the ones which have been provided need improvement (DoC letter dated 3.12.2024 to DG Systems for comments/concurrence)</p> <p>3. SEZ Units will have to work on both systems - reporting, services, etc.</p> <p>4. Any benefit to Government? More revenue?</p> <p>5. SEZ Online was working fine. There was a good support system in all Zonal SEZs. Whatever new things are required, could have been/can be provided by improvement in SEZ Online - RoDTEP module, etc. SEZ Units will not face any problem as the frontend would have been same.</p> |
| 2.1 | <p>1. RoDTEP benefits not being made available due to EGM not linking with SB at gateway port/scroll generation issues</p> <p>2. We have claimed RoDTEP but still not showing any SB for scrip generation in ICEGATE. After ETP approved, next custom station i.e. ICD/Gateway port officer do not process ETP in ICES System as they don't know how to process SEZ Cargo in ICES System & without this we have faced issued for Gateway EGM and RoDTEP scroll generation. At SEZ port officer also don't know how to process RoDTEP Scroll in ICES System and what is next step in ICES System after LEO.</p> |
| 2.2 | <p>ICEGATE/ICES should adopt processes/procedures as per SEZ Act/Rules/Instructions. It is leading to compliance/audit issues</p> |

| | |
|-----|---|
| 2.3 | <p>Even basic Export Import (from/to abroad) processes are not yet stable, involve uncertain delays, difficult to plan shipments</p> <ol style="list-style-type: none"> 1. Delays (3-15 hrs.) in getting email having pdf copies of Let Export Order, Export Transfer Permit (ETP), e-Gate pass. Goods are not released from SEZ Customs gate. Difficult to schedule vessels. DG System office says, there is no need of printed copies. ICD/Gateway ports insist on. Problems persist. 2. Download facility is of no use as it gets activated only after email is received. 3. There should be facility for real-time tracking for units and officers. 4. No advisory to ICDs, Gateway airport officers to receive consignments without insisting on signed printed copies of documents. 5. Complaints of e-Sanchit not working. Delay in document uploads. No clubbing facility - 30 SBs about 100 invoices. Linking them takes a huge time. There should be a facility of automatic linking of IINs to other invoices if linked to one invoice 6. SB No not getting generated immediately after filing 7. After assessment units are not getting assessed bill of entry immediately. So, it is increasing demurrage. 8. Frequent downtime in ICEGATE. Every Monday system slows down |
| 2.4 | <ol style="list-style-type: none"> 1. We export petroleum & petrochemical products which are bulk in nature, the unit price and quantity are not final when we file our shipping bills. We request to extend provisional assessment facilities under Sections 17 & 18 of the Customs Act, 1962. This would benefit both Trade and other Agencies like RBI as final assessment based on actual quantity & value will share correct export data. 2. SEZONLINE provided the facility of filing Provisional Shipping Bill and later Finalisation of Shipping Bill. The process of filing such Provisional and later Finalisation of Shipping Bill is very simple process whereas finalisation of Shipping Bill is very tedious and time consuming process on ICEGATE. 3. While approving Shipping Bill in respect of "Liquid Bulk Cargo", SEZ Authorities are not getting the option of approving the nature of cargo as "Liquid Bulk Cargo" and are forced to change the nature of cargo as "Containerized" which are creating problem while filing ETP as the nature of cargo in the approved Shipping Bill / LEO (i.e. "Containerized") does not matches with the nature of cargo (i.e. "Liquid Bulk Cargo") mentioned in ETP. Therefore, it is requested to allow SEZ Officer to mention the nature of Cargo as "LB" – Liquid Bulk while approving Export Shipping Bill in SEZ ICEGATE Portal. 4. Printer of documents from ICEGATE: After amendment or finalisation of documents, copy of SB or BE is required by Trade for various other purpose. Therefore we required printer mapped with ICEGATE, this should be approved by SAKSHAMSEVA and share their procedure for necessary set up. |
| 2.5 | <ol style="list-style-type: none"> 1. SEZ online provides the facility of filing Provisional Shipping Bill and Final Shipping Bill. The process of filing such Provisional/Final Shipping Bill is very simple process whereas finalisation of Provisional Shipping Bill is very tedious and time consuming process on SEZ ICEGATE Portal. While finalisation of provisional Shipping Bill is allowed without any charges in SEZONLINE, but the same is possible in SEZ ICEGATE Portal only after payment of Rs. 1,000/- per Shipping Bill resulting in financial burden on the Unit. 2. While approving Shipping Bill in respect of "Liquid Bulk Cargo", SEZ Authorities are not getting the option of approving the nature of cargo as "Liquid Bulk Cargo" and are forced to change the nature of cargo as "Containerized" which are creating problem while filing ETP as the nature of cargo in the approved Shipping Bill / LEO (i.e. "Containerized") does not matches with the nature of cargo (i.e. "Liquid Bulk Cargo") mentioned in ETP. Therefore it is requested to allow SEZ Officer to mention the nature of Cargo as "LB" – Liquid Bulk while approving Export Shipping Bill in SEZ ICEGATE Portal. |

| | |
|-----|---|
| 3 | Assessed copy not received in time |
| 3 | No Amendment and Cancelation option for shipping bill / ETP. Always query for over valuation |
| 3 | The child user function is not working properly as there is no option for multiple DSC registrations. If we use another person's DSC, an error occurs stating that it is not a registered DSC with ICEGATE. |
| 3 | We are conducting third-party exports (merchant exports) through ICEGATE, but the EGM is not closed at the gateway port. All shipping bills need to be closed at the gateway port, but port officials have informed us that there is no option to link the EGM with our shipping bills at the gateway port. |
| 3 | 1. There is no facility to file shipping bills as merchant exports as per Rule 46(11). There should be a facility to file without an AD code for merchant exports (third-party exports) shipments. This appears in EDPMS even though there is no foreign inward remittance. 2. Export under Job work option not available in the system. |
| 3 | SEZ is a self-sealing zone, but ICEGATE does not have a self-sealing option, so all export cargo goes to examination. Examination of export cargo is not required as per SEZ rules. In the ICEGATE module, every shipment is going into examination mode (RMS system shows, "please examine package numbers so and so"). Temperature-controlled cargo and lifesaving drugs are being examined, which poses a risk of contamination and damage to the cargo. These goods are packed and labeled as per the buyer's requirements and loaded at SEZ units. This impacts the packaging of the goods and increases the chance of damage. |
| 3 | Each document—such as invoices, packing lists, and COAs—requires digital signing before being uploaded to the relevant form on ICEGATE. Afterward, each document must be uploaded again to obtain the Image Reference Number (IRN), which must be manually entered during the final filing process for shipping bills. The allowed size for uploading documents is only 1 MB, whereas the packing list for the Bill of Entry (BOE) often exceeds 10 MB. There should not be need to automatically linking of IIN to all invoices |
| 3 | Gate way port names should be printed in LEO and e gate pass copies |
| 3.1 | There is no facility for advance BE filing, resulting in demurrage and detention charges. ICEGATE BoE filing is allowed only based on the IRN. Without IGM, we cannot file the Import Bill of Entry, and if we file after IGM, we incur huge demurrage costs due to delays in assessment (SEZ Customs is not working 24x7). Imports were cleared the same day in the NSDL system, whereas in ICEGATE, it takes 2-3 days. |
| 3.1 | Approved BoE are not reflecting in real-time and takes long time to receive mail. Duty is debited from our BOND and we have to again get it credited which is not required as per SEZ Rules. |
| 3.1 | Even though the BoE is not referred to PGA, the system still prompts for documents related to PGA clearance, causing challenges in the assessment of BoE. There is no option for courier mode, exhibition, and personal baggage-related shipments. |
| 3.1 | Once we submit the flat file into the ICEGATE system, it takes more time for auto-validation, and the BE number is not generated immediately. After the assessment and OOC are completed by the SEZ officer, there is a delay from the ICEGATE system in sending the BE copy to the registered email. |
| 3.1 | We experience delays in system validation when there are more line items in the Bill of Entry, and we encounter unknown errors that are difficult to identify. Import clearance is delayed, leading to high demurrage charges. We have to go through goods registration, examination, and then Out of Charge, which is very time-consuming. |
| 3.1 | Duty is debited from our bond and we have to get it credited again, which is not required as per SEZ rules. The bond debited value should automatically be credited once Out of Charge is done in the system. |

| | |
|---|--|
| 4 | IEC requirement for SEZ to DTA sales while PAN should be sufficient. |
| 4 | SEZ to FTWZ/ Customs Private Bonded warehouse u/r 46(13) Bill of Entry not there. SEZ Online have the facility of Yellow BOE SEZ to/from EOU not there |
| 4 | Removal of Goods under Temporary Removal Challan (TRC) U/r 50 & 51 of SEZ Rules 2006 not there. Temporary Removals for Jobbing/repair/sub-contract ICEGATE insist for IEC code , whereas most of the DTA repair units do not have IEC , so SEZ units are continuing filing temporary removals in SEZ online. |
| 4 | Filing of Ex-Bond BOE at NSDL (Indore SEZ) for Bonded Warehouse goods after re-import permission u/r 29(7) as per Circular No. 22 /2016 -Customs dated 31st May 2016. |
| 4 | 1. Zone to Zone module available but operation flow not clarified 2. For Zone to zone T type BOE we are not able to mention the country of origin as foreign. This will accept only country of origin as India. But trading warehouse need to show the actual count as import which is requires. Ticket no IM0379431 dated 25 Oct,24. 3. As per procedural requirement the recipient SEZ unit is required to submit the Bill of entry for obtaining required assessment. (Vedanta) |
| 4 | Clearance of used packing material (BCD not applicable u/r 49(4)) |
| 4 | Material movement (Transfer) within SEZ (Intra SEZ) - Module available but operation flow not clarified |
| 6 | Facing Challenges for Filing of Bills of Export under Duty Draw Back (FTWZ): At present, ICEGATE provides DTA Procurements Form, which is basically for the SEZ Units, who procure the goods for their authorised operations /manufacturing activity. And generally, this DTA procurement form is not entitled for any benefits such as drawback, etc. For DTA procurement with export benefits in FTWZ, earlier we were using NSDL SEZ online facility(Prior to ICEGATE Rollout) to file the Bills of Export, since the same facility is not available in ICEGATE system till. |
| 6 | Facing Challenges for ADC NOC for Import Clearances. They were receiving final ADC NOC from JWR Location only, Instead of Mumbai Airport. Based on that our Customs clearances were getting smooth from Customs Office. Presently, CHA have to submit ADC sheet in specified format to ADC Office which is at JWR CFS. Upon receiving NOC from JWR, file goes to Mumbai Airport ADC Office for their NOC in another ADC sheet format as prescribed by them. This leads to increase in paperwork and time by at least 2 working day for doing further process. |
| 6 | Facing Challenges in filling of advance Bills of Entry for Import Clearances: we have tried in multiple time and found that advance filing & Prior filing of Bill of Entry the number gets generated by ICEGATE system, however, Regularisation of such Bill of Entry from Advance /Prior to final does not happen in the system in the past we had to cancel such Bill of Entries and refile it once the IGM inward was completed. Advance filing of Bill of Entries will help timely assessment and movement of cargo from the Port terminal / Airport to FTWZ and to avoid the huge charges to Terminal. |

| | |
|---|---|
| 6 | Facing Challenges in ICEGATE for Transshipment Permission through ICEGATE Transshipment procedure for movement of goods from gateway port to SEZ is provided under SEZ Rules. There seems to be no requirement for submitting physical documents to concerned Customs Officer at the port of Import of TP by Units of SEZ/FTWZ, due to directly integration of CUSTOMS ICEGATE presently. The Hitherto manual procedure of endorsing/validation of action by Officers both at the end of SEZ and Customs Port in workflow involving of Import should be automated by this integration thereby dispensing with the requirement of submitting various documents at the Port of Import. |
| 7 | Procedure for procurement from the Domestic Tariff Area (DTA) (Service) - functionality towards endorsement of service invoices (not Goods) is still not available in the new ICEGATE portal, |
| 8 | 1. Ex-Bond BOE in ICEGATE 2. HSS BOE 3. Sub-Contracting 4. Zone to Zone BOE 5. Duty Payment and filing of self DTA Sale BOE for power supply to GRID from SEZ Units 6. Temporary Removal 7. Recurrent PKI Component Errors 8. Provisional Assessment of Shipping Bill 9. Amendment of Shipping Bills |
| 9 | Joint Filing for BOE not there |
| 9 | Ex Bond shipping Bill with no remittance not available. Ex-Bond warehouse /High Sea Sale Option not available to file BOE. |
| 9 | No option for filling bill of entry on behalf of foreign Client. |
| 9 | Courier export/import Facility not there |
| 9 | Developers do not have facility for DTA Procurement and DTA clearances SEZ units were registered under M type registration i.e. manufacturing. Whereas non IT SEZ Developer has to register under D type registration. Hence Developer could not file the DTA SALE SHIPPING BILLS i.e. D type bills. |
| 9 | Multiple shipping Bills in one ETP not possible |
| 9 | Duty Drawback Bill of Export - not clear who will take the benefit. Every vendor registration is not possible as required in ICEGATE |

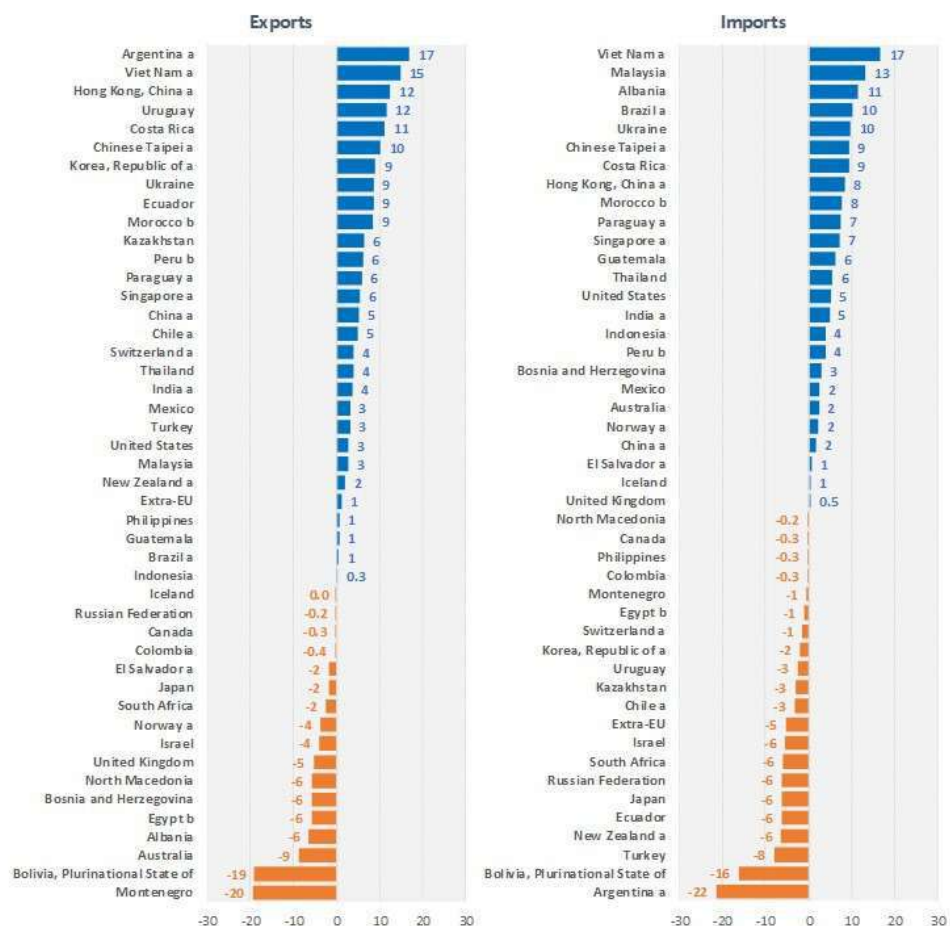
After a detailed discussion, the following action points emerged:

- (i) Release of all pending RoDTEP claims w.e.f 1.7.2024 by 31.12.2024.
- (ii) DG (Systems) in consultation with Customs Wing, CBIC to examine the matter regarding insistence of paper document requirement and to issue clarification to all field formation, if required.
- (iii) Parallel filing of documents may be allowed in SEZonline for further one more month. During this period, DG (Systems) to review all the modules and make it error free. After one month, filing in SEZonline will be allowed only in such modules which are not available in ICEGATE.
- (iv) DG (Systems) in consultation with Customs wing, CBIC to review the availability of experienced customs officer at each of 7 Central Government SEZs.
- (v) DG (Systems) to take necessary action to build capacity for training etc. The advisory may be compiled and should be circulated from time to time.

- (vi) DoC to take up the matter with NCTC for examination / assessment as per SEZ law instead of 100% examination / assessment.
- (vii) DoC / DG(Systems) to monitor the time being taken up by the Systems in clearances.
- (viii) DG(Systems) to provide hardware nodes in the Department of Commerce and enable viewing rights for JS(SEZ) and AS for effective monitoring and generation of MIS reports.
- (ix) DG (Systems) to streamline the following by 15.01.2024: -
 - a. Timely direct export abroad (all issues related to that such as, delays in various processes, instructions to ICDs / port officers, e-Sanchit working, provisional and regularizing final Shipping Bills (SBs) without charge, amendment of shipping bill, joint filing, getting copy of assessed SB, third party exports u/r 46(11), No 100% examination, etc.).
 - b. Timely direct imports from abroad (all issues related to that such as delays, advance filings of Bill of Entry (BoEs), automatic credit of duties already debited, joint filing, filing on behalf of foreign client, multiple SBs per ETP, etc.).

Accordingly, the facility of filing of documents on SEZ Online was extended upto 10th January 2025 vide D/o Commerce letter dated 10th December 2024 (Copy attached). It has been further extended till 17th February 2025 vide D/o Commerce letter dated 10th January 2025 (copy attached).

Chart 3: Merchandise trade growth of selected economies, January-September 2024
(Year-on-year % change)



a January-October.
b January-August.
Source: National data.

IMPORTANT CIRCULAR

No. J-16/3/2007-SEZ Vol-V
Government of India
Ministry of Commerce & Industry
Department of Commerce
SEZ Division

Vanijya Bhawan, New Delhi,
Dated: 10th December, 2024

To,
The Development Commissioners
All Special Economic Zones

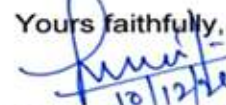
Subject: - Implementation of ICEGATE at non-IT/ITES SEZs - Extension for continuance of SEZ Online - reg.

Sir / Madam,

I am directed to refer to this Department's letters of even number dated 29.06.2024, 13.07.2024, 10.08.2024, 11.09.2024 & 10.10.2024 on the subject mentioned above.

2. In this regard, it is stated that in view of the continuing difficulties being faced by SEZ units as well as developers while using ICEGATE, it has been decided to extend the facility for filing of documents on SEZ ONLINE upto 10th January, 2025. However, with effect from 11th January, 2025, all the modules / functionalities other than the following shall mandatorily operate only through the ICEGATE portal:-

- i. courier transactions;
 - ii. hand carriage transactions;
 - iii. FTWZ transactions;
 - iv. DTA supply for B2C transactions including e-commerce;
 - v. temporary removal from SEZ for job work, exhibition, testing, etc.;
 - vi. DTA procurement;
 - vii. SEZ supplies from/to warehouse including from/to MOOWR units as well as EOUs.
3. You are requested to inform all stakeholders accordingly.
4. This issues with the approval of Competent Authority.

Yours faithfully,


(Sumit Kumar Sachan)
Under Secretary to the Govt. of India
Tel. 23039829
e-mail: sumit.sachan@nic.in

Copy to: -

1. Shri Vijay Gupta, VP, NSDL with request to take necessary action for allowing filing of documents in SEZ-Online portal, as above.
2. Pr. DG(Systems), CBIC / ADG (Systems), CBIC

IMPORTANT CIRCULAR

Hybrid Working for SEZ Units Extended till 31st December 2027

On constant follow up of EPCES along with NASSCOM, the facility of allowing Hybrid Working has been extended till 31st December 2027. This facility was expiring on 31st December 2024. This was required in view of change in the nature of work environment in case of IT/ITES services industry, a trend which started during Covid outbreak.

Ministry of Commerce and Industry issued the Special Economic Zones (Fifth Amendment) Rules,

2024, through a notification dated December 26, 2024 (copy attached). This move ensures that employees working in Information Technology (IT) and IT-enabled services, those temporarily incapacitated, employees traveling, and those working offsite can continue to work from locations outside the SEZ based on the unit's requirements.

F. No. K-43013(12)/1/2021-SEZ
Government of India
Ministry of Commerce and Industry
Department of Commerce
(SEZ Section)

Vanijya Bhawan, New Delhi
Dated the 26th December, 2024

OFFICE MEMORANDUM

Subject: Publication of notification regarding Amendment in SEZ Rules, 2006, - Reg.

The undersigned is directed to forward herewith a notification dated 26th December, 2024 (both English and Hindi) on the above subject for publication in the Gazette of India Extraordinary, Part II, Section 3, sub-section (i).

Encl: As above



(Sumit Kumar Sachan)
Under Secretary to the Government of India
Tel: 2303 9829
Email: sumit.sachan@nic.in

To,
The Manager
Government of India Press
Mayapuri, New Delhi

IMPORTANT CIRCULAR

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II,
SECTION 3, SUB-SECTION (i)]

MINISTRY OF COMMERCE AND INDUSTRY
(DEPARTMENT OF COMMERCE)

NOTIFICATION

New Delhi, the 26th December, 2024

G.S.R. -----(E).- In exercise of the powers conferred by section 55 of the Special Economic Zones Act, 2005 (28 of 2005), the Central Government hereby makes the following rules further to amend the Special Economic Zones Rules, 2006, namely :-

1. (1) These rules may be called the Special Economic Zones (Fifth Amendment) Rules, 2024.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Special Economic Zones Rules, 2006, in rule 43A, in sub-rule (3), for the words and figures "31st December, 2024" the words and figures "31st December, 2027", shall be substituted.

[No. K-43013(12)/1/2021-SEZ]



(Vimal Anand)

Joint Secretary to the Government of India

Note.- The principal rules were published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (i), *vide* notification number G.S.R 54(E), dated the 10th February, 2006 and last amended, *vide* notification number G.S.R 338 (E), dated the 20th June, 2024.

EPCES Requests Extension of RoDTEP for SEZs and EOUs till 30.9.2025

Government has been treating exports from SEZs and EOUs on different footing. Following the stoppage of MEIS scheme, the RoDTEP scheme was launched for DTA exporters only with effect from 1st January 2021. SEZs and EOUs were not covered under the scheme.

EPCES took up with the Commerce and Finance Ministries and a RoDTEP Committee was set up especially for SEZs and EOUs for determining the RoDTEP rates. EPCES coordinated with the RoDTEP Committee and the SEZ units and EOUs for submission of data to the Committee. Finally, in March 2024, the Government decided to cover EOUs and SEZs under the RoDTEP. EOUs started getting RoDTEP benefits with effect from 11th March 2024, while for SEZs which were working through SEZ Online, it was decided that the scheme will be effective on IT integration of SEZs with the Customs Automated System (ICEGATE). With no fault of SEZ units, the IT integration got delayed and the it was launched by Government w.e.f. 1.7.2024. However, IT integration was faulty and it had to be extended again and again and the last extension has been given till 29.1.2025. In order to get RoDTEP benefits, many SEZ units, despite facing huge problems in using ICEGATE and suffering huge demurrage and detention costs, filed export documents through ICEGATE wef 1.7.2024. However, till now, again with no fault of SEZ units, because of some technical problems from ICEGATE /Customs side, RoDTEP benefits have not yet been transferred to SEZ Units even for the exports made through ICEGATE since

1.7.2024. In the review meeting with DG Systems / Revenue Department, the Commerce Secretary has, while extending the timeline for ICEGATE implementation to 29.1.2025, directed that all pending RoDTEP claims be released by 31.12.2024. However, this has not yet been completed. Even EOUs suffered losses due to sudden implementation of automation of IGCR Rules on ICEGATE by D/o Revenue in respect of EOUs wef 1.9.2024.

There appears to be no justification for denying the benefits to one set of exporters (SEZ/EOU/AA holders) vis-à-vis other set of exporters (DTA exporters). If there are budget constraints, product categories/sectors may be reduced rather than one small set of exporters exporting the same product being put to disadvantage vis-à-vis other larger set of exporters of the same product.

In view of the above, EPCES has taken up the matter with Commerce and Finance Ministries. It has been requested that in view of a limited requirement of budget for exports from SEZs /EOUs (15% of total), it has been requested that the RoDTEP scheme may kindly be extended till 30.9.2025 for exports from AA/EOU/SEZ Units as well on the pattern of exports from DTA units. Alternatively, in case of budget constraints, all exporters, whether from DTA or from SEZ/EOU/AA holders be covered only till 31.3.2025 (end of FY25) and then a separate decision may be taken for all categories of exporters for a further period depending upon the availability of budget allocation. Copy of the letter is attached.



EXPORT PROMOTION COUNCIL FOR EOUs AND SEZs

(Setup by Ministry of Commerce & Industry, Government of India)

A-101, 10th Floor, Himalaya House, 23, Kasturba Gandhi Marg, New Delhi-110001

Tel: 011-23329770

E-mail: dg@epces.in Web: www.epces.in

Alok Chaturvedi
Director General

EPC/SEZ/AM-19/A-14
3rd January, 2025

Dear Sir,
Happy New Year!

This is regarding extension of the RoDTEP (Remission of Duties and Taxes on Exported Products) scheme for exports from Special Economic Zone (SEZ) / Export Oriented Units (EOUs)/Advance Authorisation (AA) holders beyond 31.12.2024 till 30.9.2025 on the pattern of Domestic Tariff Area exporters.

2. Vide DGFT Notification No 32/2024-25 dated 30.9.2024, the RoDTEP scheme was extended till 30.9.2025 for exports made by Domestic Tariff Area (DTA) units. However, it has been extended till 31.12.2024 only in respect of exports from EOU/SEZ Units/AA holders.

3. It appears that Government is not in favour of allotting more funds for covering the extension of the scheme for exports from EOU/SEZ/AA holders even though there will be very limited budget requirement for the same as the **merchandise exports from SEZs and EOUs is merely about 15% of total merchandise exports of the country.**

4. It may kindly be noted that the RoDTEP scheme was extended to EOU and AA holders from **11.3.2024 only**. In case of SEZ, with no fault of SEZ units, the extension of the scheme was to take place on IT integration of SEZs with Customs Automated System (ICEGATE). Again with no fault of SEZ units, it got delayed and the IT integration was launched by Government w.e.f. **1.7.2024**. However, IT integration was faulty and it had to be extended again and again and the last extension has been given till **10.1.2025**. In order to get RoDTEP benefits, many SEZ units, despite facing huge problems in using ICEGATE and suffering huge demurrage and detention costs, filed export documents through ICEGATE wef 1.7.2024. However, till now, again with no fault of SEZ units, because of some technical problems from ICEGATE /Customs side, RoDTEP benefits have not yet been transferred to SEZ Units even for the exports made through ICEGATE since 1.7.2024. In the review meeting with DG Systems / Revenue Department, the Commerce Secretary has, while extending the timeline for ICEGATE implementation to 10.1.2025, directed that all pending RoDTEP claims be released by 31.12.2024. However, this has not yet been completed.

5. Even EOUs suffered losses due to sudden implementation of automation of IGCR Rules on ICEGATE by D/o Revenue in respect of EOUs wef 1.9.2024.

1



6. There appears to be no justification for denying the benefits to one set of exporters (SEZ/EOU/AA holders) vis-à-vis other set of exporters (DTA exporters).

7. If there are budget constraints, product categories/sectors may be reduced rather than one small set of exporters exporting the same product being put to disadvantage vis-à-vis other larger set of exporters of the same product.

8. In view of the above, it may be appreciated there is only a limited requirement of budget for exports from SEZs /EOUs (15% of total) and hence it is requested that the RoDTEP scheme may kindly be extended till **30.9.2025 for exports from AA/EOU/SEZ Units as well on the pattern of exports from DTA units**. Alternatively, in case of budget constraints, all exporters, whether from DTA or from SEZ/EOU/AA holders be covered only till **31.3.2025 (end of FY25)** and then a separate decision may be taken for all categories of exporters for a further period depending upon the availability of budget allocation.

With regards

Your



(Alok Chaturvedi)

Dr. Manoj Govil
Secretary
Department of Expenditure
Ministry of Finance
New Delhi

EPCES launches an AI (Artificial Intelligence) powered Chat Bot

EPCES has been providing the service of replying to the queries sent to the query@epces.in where the experts from the knowledge partner replies to the queries of the members. It has been running for the last 4 years. A copy of the replies to the queries received in the quarter is being shared with the members in the quarterly EPCES newsletter.

It was thought that an AI powered chatbot can be developed based on the queries answered so far by the knowledge partners so that the members can get the reply instantaneously if the same query was replied earlier.

In view of this, EPCES has, as a pilot, introduced an AI powered chatbot for replying to the queries. The chatbot has been basically trained on past queries replied by EPCES knowledge partner. Attempt has also been made to train it on SEZ Act, Rules and Instructions as well.

But, as it happens with AI empowered systems, it may, sometimes, give wrong or irrelevant replies. Please bear with us. We will keep it improving. This is for quick replies. Complex queries should continue to be emailed to query@epces.in for reply by knowledge partner who may take 1-2 days in replying.

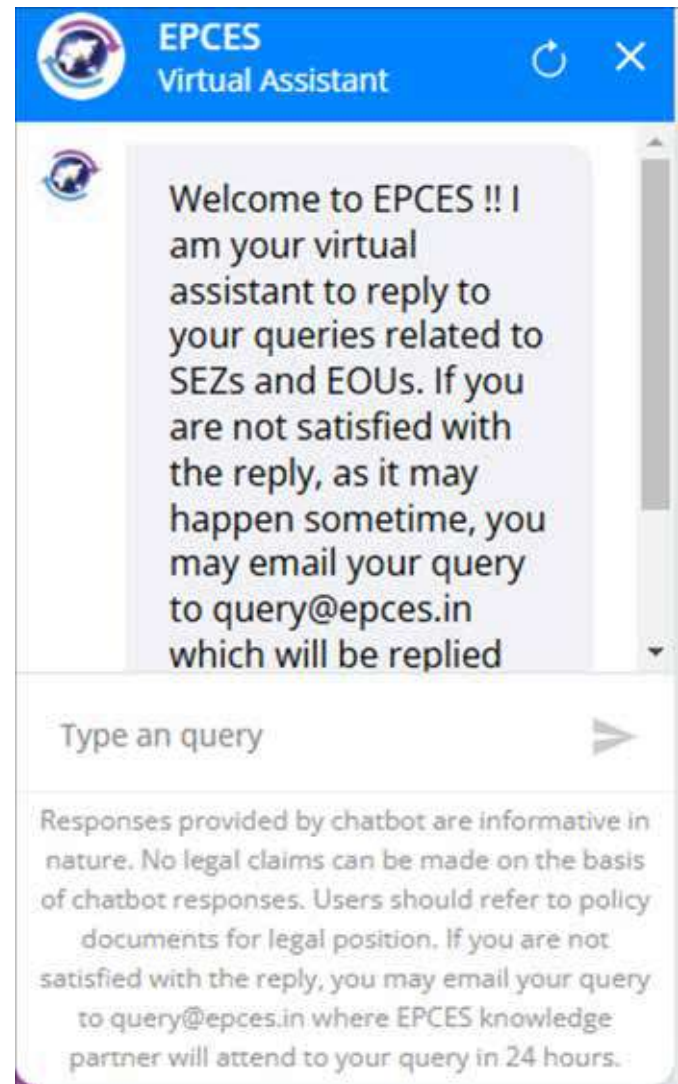
The pilot version (EPCES Virtual Assistant) can be accessed through either of the following modes:

- (i) EPCES website at <https://www.epces.in/>

It appears immediately on accessing the website.

- (ii) https://app.zooq.ai/live_bot_epces

- (iii) whatsapp



Members are requested to make use of the same and send their feedback at dg@epces.in for improving the same.

EPCES bids farewell to Shri Senthil Nathan S., Director (SEZ) D/o Commerce



EPCES organized a farewell get-together on 3rd January 2025 in the honour of Shri Senthil Nathan S, IRS (C&CE:2006), Director, D/o Commerce. It was held under the chairmanship of Shri L Satya Srinivas, Additional Secretary, D/o Commerce and Shri Vimal Anand, Joint Secretary, and other officer of the SEZ division of the Department participated. Shri Vilas Gupta, CGC Member, Shri Sunil Puri, Regional Chairman, NSEZ and other members of EPCES joined the get-together.

Shri Senthil Nathan has been in the D/o Commerce from March 2018 and has been handling SEZ division and various other subject matters in the Department. He has been repatriated to his parent cadre in the D/o Revenue (CBIC) vide DOPT order dated 6th December 2024.

EPCES extends its best wishes to Shri Senthil Nathan for his future assignments

Cochin SEZ

Awareness Programme on 'Cyber Hygiene & Security'

As per the directives of the Central Vigilance Commission, an awareness programme was organised at the DC Office on 4th October 2024. Topic of the programme was 'Cyber Hygiene and Security' and the session was handled by Kerala Police Cyber Cell officials. They made a detailed presentation on virtual arrest, hacking, etc. Shri P.G. Laloo, DCC presided over the programme. ADCs, Customs officials and unit representatives attended the programme. EPCES had associated with the programme.



Vigilance Awareness Campaign

DC office organised an Awareness Programme as a part of Vigilance Awareness Campaign 2024 on 13th November 2024 at the Athulya Auditorium, Infopark Campus. Topic of the programme was 'Culture of Integrity for Nation's Prosperity'. Dr. K.N. Raghavan, former Chief Commissioner of Customs and GST made the keynote address and Smt. Hemalatha IAS, DC presided over the programme. During her presidential address, she emphasised that importance of integrity. Shri K.K. Pillai, Regional Chairman, EPCES CSEZ Region, Shri Laloo PG, DCC and Shri Boniprasada Rao, DDC addressed the gatherings.



Bangalore SEZ

Interactive Session on SEZ Compliance at Brigade Tech Gardens SEZ, Bangalore.

A Physical interactive session on Sez, Rules and procedures was held exclusively for SEZ Developer & SEZ units in the premises of Brigade Tech Garden SEZ, Bangalore on the 14th November 2024, Customs Authorised officer of the SEZ and EPCES, Bangalore interacted with them, detailed presentation was done by Mr Madhusudan Rao of SCL Logistics & CHA, Bangalore helping the SEZ units & the Developer to operate within the SEZs while ensuring smooth compliance within the regulatory framework.

Details of the compliance requirements is highlighted as below: -



Key Compliance Obligations for SEZ Units

Special Economic Zones (SEZs) are designated areas where business and trade laws differ from the rest of the country, typically with the aim of attracting foreign investment, promoting exports, and creating jobs. SEZs are governed by the Special Economic Zones Act, 2005 and the Special Economic Zones Rules, 2006, along with various regulations from different government agencies

Regulatory Compliances :- Development

and Administration: The developer must monitor activities within the zone, ensuring that businesses comply with regulations and that the infrastructure, created for this purpose, is maintained in good condition including safeguarding the infrastructure and materials.

Customs and Export Regulations: The Central Board of Indirect Taxes and Customs (CBIC) is responsible for regulating imports and exports. Within the SEZ, Customs Authorities oversee the

NEWS FROM THE ZONES

clearance of goods, ensuring they are used for permissible purposes. SEZ companies must comply with customs procedures and maintain records of their import/export transactions.

Compliance with SEZ Rules: Operational Compliance: SEZ units must ensure they follow the rules laid out in the SEZ Act, such as setting up export-oriented production, maintaining minimum export obligations and ensuring compliance with conditions set by the Board of Approval (BoA), LoA Terms and Conditions and other relevant authorities. Annual Performance Reports: SEZ units are required to submit annual performance reports to the government, detailing their exports, investments, employment generation, and other operational data.

Labour and Employment Regulations: SEZs are required to follow the labour laws that govern employment, including the Factories Act, Minimum Wages Act, Labour Laws and the Industrial Disputes Act, but there are some relaxations in terms of the number of work hours, overtime regulations, and hiring procedures.

Environmental Protection Laws: SEZs are subject to the environmental regulations of India, including the Environment Protection Act, 1986, Water (Prevention and Control of Pollution) Act, 1974, and Air (Prevention and Control of Pollution) Act, 1981. They are required to maintain a

certain level of environmental compliance and, if necessary, obtain environmental clearances. Waste Management: SEZs are required to manage industrial waste, including hazardous waste, and ensure that they are disposed of or treated in accordance with environmental standards.

Security and Safety: SEZs are considered high-security areas, particularly with respect to the movement of goods, people, and information. SEZ developers and units are responsible for implementing security measures, such as surveillance and monitoring systems, to prevent illegal activities, including smuggling and unauthorized access. Compliance with National Security Laws like Foreign investors and companies are subject to clearance under the Foreign Exchange Management Act (FEMA) and Foreign Direct Investment (FDI) policy.

State and Local Government Regulations: State governments are also involved in revenue records (land Records), ensuring law and order, and providing infrastructure like roads, water, and electricity and other amenities. Local Compliance must comply with local laws, land-use regulations, and other municipal/Corporate regulations related to business operations, such as Garbage management and local tax liabilities.

Imports and Local Procurements Including Service:

Import:

- SEZs are subject to security and regulatory checks. This includes verifying the legitimacy of the goods being imported to ensure that they are not prohibited under India's security or foreign exchange laws.

All the Goods Cleared at Air/Sea port comes with a Customs Seal. It has to be verified by the Authorized Officer and allowed materials for usage (Out of Change). Until the verification, the importer cannot have rights to unload and

use the goods. It is a violation of terms and conditions of the LoA, failing which the officer can take necessary action against you and recommend the case for adjudication.

The importer must complete the re-warehousing (RWC) process through the online system.

Local Procurements and Services

- GST registered vendors only eligible for SEZ supplies.
- All local procurements with IGST-exempted

invoices must be filed online and approved by the proper officer. The endorsed copy must then be forwarded to the concerned departments (i.e., GST/Central Tax) within 45 days, as per SEZ Rule 30(4). Failure to do so will result in GST/Central Tax officers raising the tax or duty against the DTA supplier. Since the SEZ is considered foreign territory, all procedures must be completed by the developer/unit on behalf of the supplier.

- The Authorized Officer has the right to inspect materials whenever deemed necessary, based on the value and volume of the goods. The movement of materials must occur during working hours to ensure a smooth flow of activities. For any inward materials arriving on holidays, prior consent from the Authorized Officer is required to avoid delays in entry and ensure a smoother workflow.
- **Service Endorsement:** The uniform list of services exempted from Local Taxes vide File No. D.12/19/202013-SEZ Dt. 2nd January 2018. all the services rendered to sez Developer/Unit has to get endorsement from the Authorized Officer.

Export and Local Sales:

- All physical exports must comply with Rule 45 and Rule 46 of the SEZ Rules, 2006. Software exports fall under **Rule 45(3)** of the SEZ Rules, 2006. Local sales must comply with **Rule 47, 48** of the SEZ Rules, 2006.

For exports under **LUT (Letter of Undertaking)**, no duty is applicable. However, for local sales, applicable duties and taxes must be paid before the removal of goods

Event Compliance: Every SEZ shall be under administrative control of the Development Commissioner as per Rule 20 of SEZ Rules 2006.

Trade exhibitions, fairs, or promotional events within the SEZ, particularly those focused on business or exports, may need to comply with additional regulations governing trade and customs activities. Such events might also require approvals from the **Development**

Commissioner under rule 33(ii) of SEZ Rule 2006

Scrap/ Waste removal and other related activities

Scrap, Packing waste, Hazardous waste can be removed from the SEZ after completing the SEZ formalities under rule 47 of SEZ Rules 2006

Mandatory Compliances:

There should be Valid eRCMC of EPCES for the Developer & with SEZ units, needs to be renewed for 1 year or for 3 years.

-APR should be filed for the previous FY within 180 days from the beginning of the new FY

The Regional Director of EPCES Karnataka Region Shri C U Poovaiah IRS (R) in his keynote address had highlighted the activities of EPCES, achievements in addressing the problems of SEZ, Key pending issues taken up by EPCES, also stressed upon the importance of all the mandatory compliances for ease of doing export services/business. The EPCES Brochure - 2024 is also distributed to all the participants.

The Customs Authorized Officer of the SEZ Ms. Athiya Sadath in her keynote address informed the SEZ units and the Developer to file documents for approvals (if any) well in advance with all necessary enclosures and get the approvals by the competent authorities well in advance for hassle free clearances/ approvals and thanked Mr Madhusudhan Rao of SCL Logistics & CHA Bangalore for the presentation, also thanked Mr Vivek George EPCES RGC member & AGM - Business Development of Brigade SEZ and the EPCES for organising this well thoughtful physical event.

The event was organised / fully supported & moderated by Sri Vivek George the RGC Member of EPCES-CSEZ Karnataka Region.

There were 40 participants (including officials) who were EPCES Members of SEZ units from Brigade Tech Garden SEZ, Bangalore. The members were contented and have benefited from this physical event on Compliance requirements by SEZ Developer and SEZ units.

NSEZ Noida SEZ

- i) Inauguration Ceremony of GateNo.2 and Customs Examination Area by Shri Vimal Anand, JS, Deptt. of Commerce & Industry, Govt. of India on 10th October 2024. EPCES arranged participants and also attended the function. Shri Vilas Gupta, CGC member, Shri Sunil Puri Regional Chairman and other our RGC members also attended the ceremony.



1 Shri Vimal Anand, JS , Deptt. of Commerce & Industry, Shri Bipen Menon, Development Commissioner, Shri Surender Malik, Joint Development Commissioner, Shri Harkesh Tripathi, Dy Commissioner (Custom), NSEZ, Noida and Shri Vilas Gupta, CGC member, Shri Sun

- 2) DG System arranged a virtual meeting for Icegate Implementation on 16th October 2024. EPCES Noida arranged participants and also joined the Webinar. Various points were raised by the participants during the webinar and office of the DG systems assured that all the concerns of the participants will be taken care off.
- 3) A virtual meeting with Principal DG Systems & Data Management team was organised by DC NSEZ office with regard to the problems being faced by SEZ Units in migration from SEZ Online to ICEGATE on 8.11.2024. EPCES Noida arranged participants and also joined the Webinar.
- 4) A hybrid meeting was organised by DC NSEZ office on 14th November 2024 with regard to the issues being faced by the sez units for implementation of ICEGATE for export , import and DTA operations. The meeting was chaired by Sh. Yogendra Garg , Principal Director General of Systems and Sh. Alok Chaturvedi, DG EPCES. DC NSEZ and other senior officials of DC NSEZ office, senior officials of ICEGATE. Under-secretary Sh. Sumit Sachan, MOC also attended the hybrid meeting. 46 sez units physically participated in the meeting which was organised in the conference hall of NSEZ office. 35 units participated on online mode. DC SEEPZ also participated virtually. Various points raised by the units were discussed in details. Few photographs of the meeting are also sent below please.
- 5) A training for FTWZ units for ICEGATE was organised by DC, NSEZ office through DG systems for FTWZ units on 19th November 2024 through on line mode. EPCES NSEZ arranged participants and Regional Director also attended the Webinar.





- 6) DG System arranged a meeting in hybrid mode for FTWZ units for issues related to ICEGATE on 25th November 2024 at Hotel Smrat, New Delhi. EPCES NSEZ arranged participants and also joined the meeting online.
- 7) DG system arranged a meeting on ICEGATE for the Child user registration and joint filing of shipping bills on 27th Nov 2024 in online mode. EPCES NSEZ arranged participants and also joined the meeting.
- 8) Meeting with Development Commissioner Falta, Kolkata for opening of 2 new SEZs in Buxar and Champaran, Bihar was held on 28th November 2024 at DC Kolkata office. - Shri Tanu Aggarwal, DDG from Head Office and Regional Director EPCES Noida attended the meeting on 28th November 2024. DC Kolkata also requested that a seminar should be organised by EPCES for the benefit of the Falta units and the IT unit based outside Falta sez at Kolkata. Accordingly in coordination with Head office an outreach programme shall be planned at Kolkata.
- 9) Commerce Secretary reviewed the current status of problems being faced by SEZ Units in migration from SEZ Online to ICEGATEA on 9.12.2024 at Vanija Bhawan New Delhi. From NSEZ representatives of Idemia Syscom and Gripwell attended the programme. Other units attended the hybrid meeting through Virtual link. DG EPCES, JDC and DDC from DC NSEZ office also attended the meeting.

10) Visit of a Delegation to Moradabad SEZ.

A delegation lead by Shri Vimal Anand Jt. Secretary, Ministry of Commerce, and comprising of Shri Surinder Malik JDC, NSEZ, Sunil Puri, Regional Chairman, EPCES, NSEZ and Shri Vilas Gupta, CGC Member visited Moradabad SEZ on 7th November 2024. The Delegation had a meeting with the Association of SEZ Moradabad units. The problems being faced by the SEZ units with regards to the entry of cargo, requirement of inspection shed in the custom office, providing street lights, widening of the entry road for smooth movement of cargo and construction of a by-pass road for direct movement of export cargo from Moradabad SEZ were discussed during the meeting. The Joint Secretary assured to help in getting the above facilities provided at the earliest for the SEZ exporters.



Madras Export Processing Zone

Webinar on SEZ Matters and Practical Challenges on Wednesday, 22nd May, 2024



A webinar on “SEZ Matters and Practical Challenges” organised by WTC in association with EPCES, MEPZ SEZ and BDO India LLP (Knowledge Partner) on 22nd May, 2024 at 4 p.m. through online. More than 300 + participants joined from the export community.

Mr. Vivek Moderator introduced the session and acknowledged the support of EPCES and BDO India Limited. He highlighted that the session would focus on challenges faced in the endorsement of past invoices and the list of authorized services.

Mr. Vivek Welcomed Mr. Prabhu Kumar, Deputy Development Commissioner, MEPZ SEZ and acknowledged his proactive approach in understanding the pain points of units and developers.

Mr. Prabhu Kumar Deputy Development Commissioner, discussed the evolution of SEZs in the country and the support provided to developers and stakeholders. He highlighted the export performance of Tamil Nadu, Pondicherry, Andaman and Nicobar Islands.

He emphasized initiatives to reduce regulatory burdens and improve the ease of doing business. And he mentioned the efforts to operationalize non-functional SEZs and the growth in export figures. He addressed the trade deficit and the need to focus on the ‘Make in India’ policy to reduce dependency on imports.

Mr. C. Manoharan, Regional Chairman, EPCES thanked the participants for spending their time and acknowledged the continuous support received from the Office of the Development Commissioner. He emphasized the importance of addressing practical challenges and endorsed the expertise of Karthik Mani.

Mr. Karthik Mani, Partner, BDO India, provided insights on indirect tax matters and addressed participants' queries related to past invoices and authorized services and discussions were held on various topics, including trade facilitation and export growth

The session began with a presentation focused on the provisions governing endorsement related matters and the actual compliances

NEWS FROM THE ZONES

required from SEZ perspective as well as from a GST perspective. The convergence of both laws was discussed.

The following Key Topics were covered during webinar.

1. Endorsement Provisions and Compliances

- Overview of laws related to endorsements and required documentation.
- Discussion on the gap between SEZ law and GST law, particularly the term "authorized operation" introduced on 1st October 2023.
- Clarity needed on whether DSPF forms are mandated for services and related challenges.

2. Challenges and Practical Issues

Addressing practical challenges faced by SEZ units regarding endorsements and authorized services.

Discussion on default list of services and issues faced by SEZ units with the existing lists.

Open floor for audience questions and discussions on specific issues.

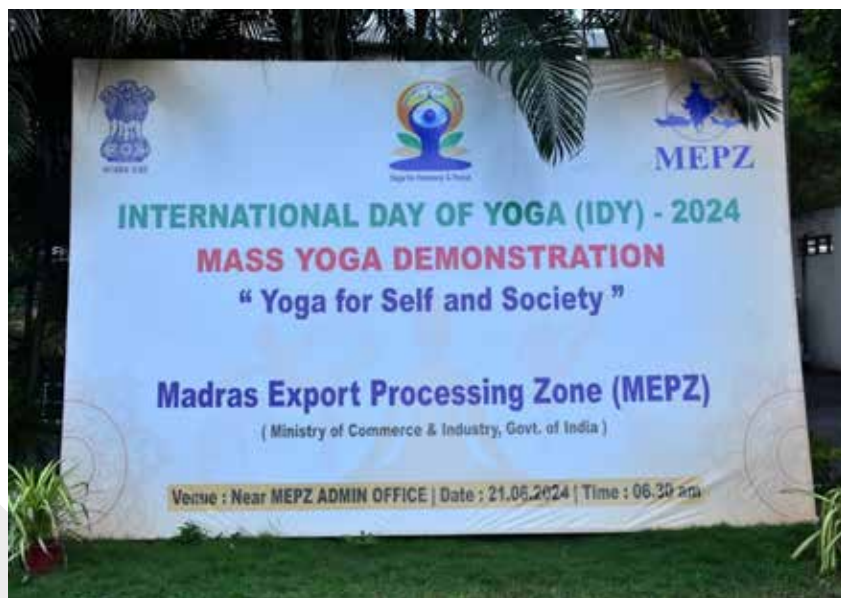
3. Facilitation and Support Initiatives

- The MEPZ is approach to facilitating business and supporting the export community, including reducing regulatory burdens and improving ease of doing business.
- Mention of various initiatives to reduce duplication and streamline processes, such as checklist-based approvals for EUSC proposals.
- Efforts to make customs-related transactions more efficient through platforms like Icegate.

4. Interactive Sessions and Stakeholder Support

- Importance of interactive sessions organized by MEPZ and their role in sharing queries and best practices.
- Appreciation of pro-industry initiatives by MEPZ and the support offered by the office of the Development Commissioner.

International Yoga Day 2024 on June 21, 2024



The Central Council for Research in Siddha, Ministry of Ayush, in collaboration with the Madras Export Processing Zone (MEPZ), Ministry of Commerce & Industry, successfully celebrated the International Day of Yoga 2024. The event saw the enthusiastic participation of over 500 women employees from MEPZ, highlighting the importance and growing interest in yoga and wellness.

The celebrations began early in the morning at 6:45 AM with an invocation of Tamil Thai

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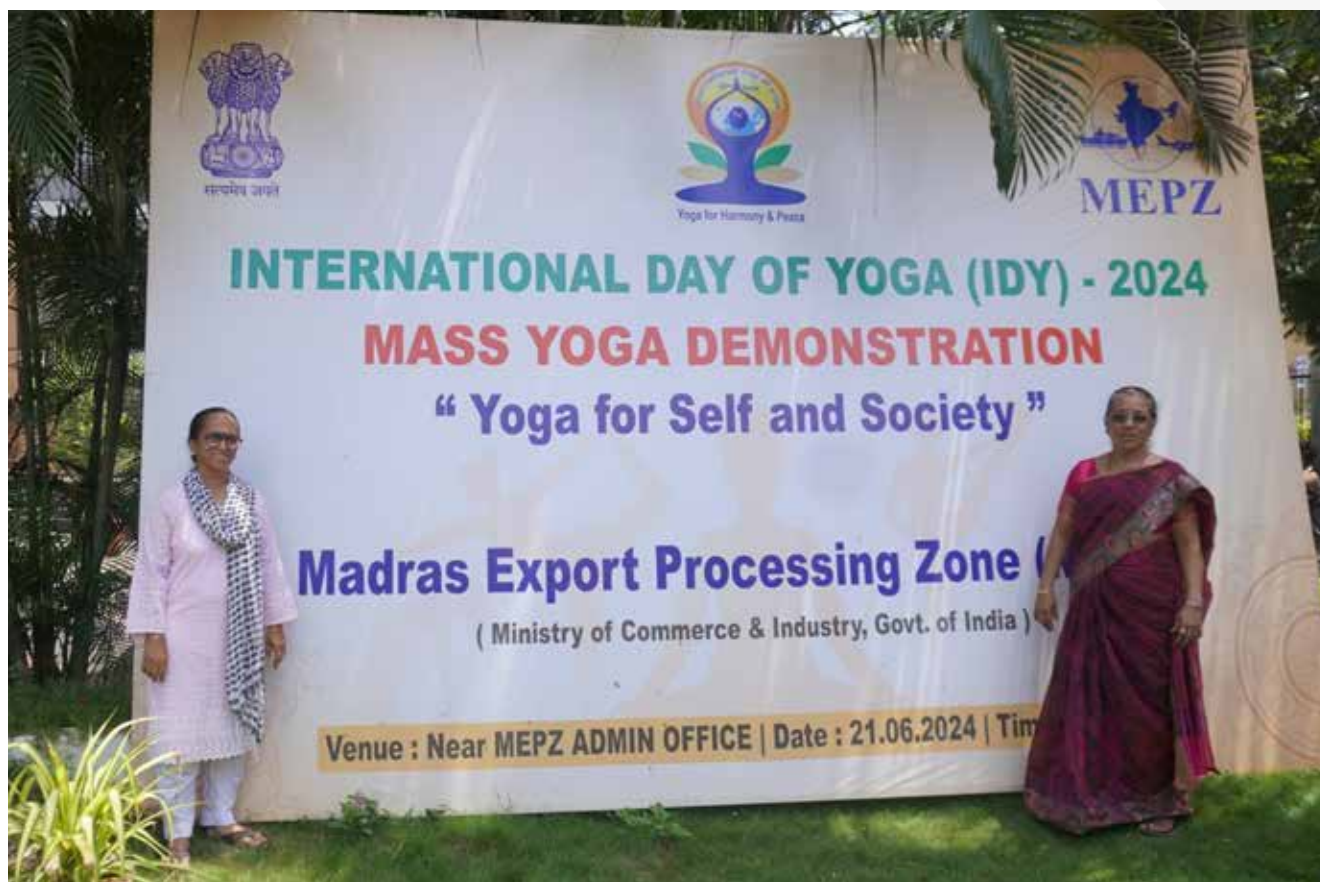
Vazhthu and Siddhar Vanakkam, setting a serene tone for the day. Dr. A. Rajendra Kumar, Research Officer (Siddha), S-III, CCRS, Chennai, welcomed the participants, followed by the Presidential Address by Prof. Dr. V. Banumathi, Former Director, NIS & Chairman, SAB-CCRS, emphasized the significance of yoga in promoting physical and mental well-being. Shri G. Kamaraj, Deputy Mayor, Tambaram Municipal Corporation, delivered a felicitation address, and Smt. K. Vasanthakumari, Hon'ble Mayor, Tambaram Municipal Corporation, gave the Chief Guest Address.



The highlight of the event was the mass yoga session, where over 500 women employees participated in various yoga asanas and breathing exercises. The session was led by experienced yoga instructors who guided the participants through techniques aimed at improving flexibility, strength, and relaxation.

Following the yoga session, participants enjoyed a healthy breakfast organized by the Central Council for Research in Siddha. The day continued with a yoga demonstration specifically for MEPZ staff at the MEPZ Lawn Area, showcasing advanced yoga techniques and their benefits.





A quiz program on yoga was held, engaging the participants in a fun and educational activity that tested their knowledge about yoga and its practices. The event concluded with a speech on Yoga Awareness, highlighting the importance of integrating yoga into daily life for overall well-being. Regional Director MEPZ SEZ also participated in the event.

Shri Prabu Kumar K, Deputy Development Commissioner, MEPZ Special Economic Zone,

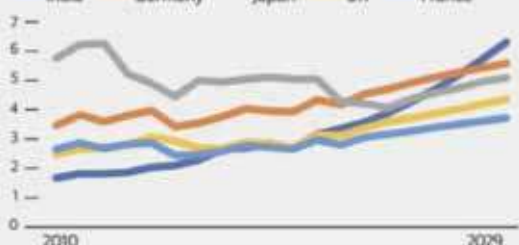
expressed his gratitude to all participants and organizers in his Vote of Thanks, bringing the event to a close with the National Anthem.

“We are delighted by the overwhelming response and participation in this year’s International Yoga Day celebrations. Yoga is a powerful tool for empowerment and holistic health, and events like this help spread awareness about its benefits,” said a spokesperson from the Central Council for Research in Siddha.

While India will soon become the third largest economy...

GDP at current prices, in \$ trillion (Ranks 3 to 7)

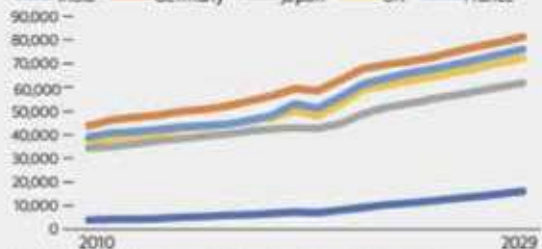
India Germany Japan UK France



...productivity and living standards are likely to remain abysmally low

Per capita GDP at current prices (\$), based on PPP

India Germany Japan UK France



SEEPZ

Outreach Program and Open House for EOUs & DTA units on Trade Credit Insurance & Recent Developments, 25th October, 2024 in Goa



EPCES in association with the Development Commissioner Office, SEEPZ organized an Outreach Program and Open House for EOU and DTA units on Trade Credit Insurance and Recent Developments on 25th October, 2024 in Goa. Shri Gnyaneshwar Patil, IAS, DC SEEPZ, Shri CPS Chauhan, IRS, JDC SEEPZ, Dr Prasad Varwantkar, IRS, Shri G S Bhandari, ADC and Shri Palash Shankar, ADC were present during the occasion.

Also present were Shri Santosh Saran, IRS Addl Commissioner, Goa Customs and Shri Shri Basant Kumar Addl Commissioner, CGST Goa Customs. Associate Partner ECGC Ltd and Knowledge Partner BDO India LLP. There were around 70 participants present during the occasion.

Shri CPS Chauhan IRS, JDC while addressing the participants said, DC Office SEEPZ has been adapting measures for the ease of doing

business for the unit holders, DC SEEPZ has been very proactive and strengthened these developments. Web links have been created for the unit holders to discuss and share their points/suggestions with the respective officers to ease out their issues. Whatsapp groups created for the EOUs to enable them to share their queries, etc.

DC SEEPZ has initiated such open house programs outside the SEEPZ Zone so as to meet, discuss and understand and subsequently take effective steps in resolving the same. Such programs shall be initiated and organized from time to time in the areas under the SEEPZ jurisdiction.

He further said units instead of sending any individual representations can compile the issues and forward it through their respective export promotion council, viz EPCES and the council can take it up on behalf of their members with DC Office for any routine matters / issues relating to the region. In case of any policy issue the council shall represent it to the higher authorities accordingly. The council bridges the gap between the authorities and the trade and has been providing their services in the best possible way for the benefit of the member units. They have been doing good work to ease out the hurdles as much as possible.

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JDC also said that these meetings shall be repeated within the span of five to six months so as to get an update on the interactions and review the status.

Shri Santosh Saran while addressing the participants expressed his appreciation to the organizers for organizing such an event wherein the stakeholders and the authorities are on the same platform to share their views, suggestions and interact to resolve many of the queries. He further said the government is trying in every way to ease doing business and the exporting fraternity who are bringing foreign exchange to the country should not face any difficulties as far as possible. He further said if any of the participants are facing any difficulties which have not yet been resolved, they can forward an email or even visit the Goa Customs office so as to resolve such issues.

Shri Basant Kumar, Addl Commissioner, CGST, Goa Customs while speaking to the participants said that any queries / issues relating to his department can be forwarded to his office or the concerned units can visit his office so as to resolve the issues.

The Zonal DC SEEPZ while addressing the participants said that he and his entire team have been taking proactive steps so as to eliminate the hurdles and ease of doing business. Regular discussions, whatsapp groups, web links have been provided to the unit holders to share their queries and initiative are being taken by

him and his team to go through such issues and resolve them at the earliest. He appreciated that participants turned up in large numbers for the open house and said such events shall be organized in different areas under SEEPZ jurisdiction from time to time. He further requested to forward their queries by email, the contacts of all the officers are provided on the website and participants should take best advantage of all the platforms available to resolve their issues and queries. Also directed that all the contact numbers and email id should be shared to all participants through registered email id of participants.

Shri Gyanendra Tripathi, BDO India LLP highlighted on EOU on the EOU scheme, its benefits and also specified on the handling of departmental audits. Shri Sanjay Kumar ECGC elaborated on the currency of the policy, the risks covered such as the commercial risks, political risks, premium and charges. The documents and the information requirements for processing of the policy proposals and also the major obligations post issuance of cover.

There was an interactive session with the participants, further the participants were also requested to send in their queries / representations in detail to take up with the respective authorities.

Regional Director, SEEPZ while proposing the vote of thanks thanked the dignitaries on the dais for all the proactive initiatives taken by the authorities in understanding, discussing as well as taking various steps to resolve the issues of the unit members swiftly. The DC Office team has always been very cooperative and supportive whenever approached. Thanked the participants for coming together from different parts of Goa and sharing their views and interacting with the authorities. She further said in case of any queries / points / suggestions relating to their sector emails can be forwarded to the EPCES regional office so as to represent it accordingly.



■ Status of Key Pending Issues

1. Rollout of ICEGATE in SEZs

As a result of constant follow up by EPCES bringing out the difficulties being faced by SEZ Units in using ICEGATE, Commerce Secretary held a review meeting on 10th December 2024 in Vanijya Bhawan. EPCES presented in detail about the difficulties being presented by SEZ units. After detailed discussion, it was decided that the facility of filing of documents on SEZ Online was extended upto 10th January 2025 vide D/o Commerce letter dated 10th December 2024. It has been further extended till 17th February 2025 vide D/o Commerce letter dated 10th January 2025. The detailed status has been covered as a separate writ-up in this edition. It was also decided to ensure release of all pending RoDTEP claims w.e.f 1.7.2024 by 31.12.2024.

2. IGCR automation in EOUs

EOUs had reported regarding difficulties in filing of the monthly returns on the IGCR portal. EPCES took up the issue with CBIC. Vide CBIC letter dated 21.11.2024, it was decided to permit the importers, who are facing difficulties on electronic filing of their IGCR-3 monthly statement, may do so manually before jurisdictional officers till 31.01.2025. The monthly statement is to be filed online from the month of February 2025. Further, an excel utility will also be made available by DG Systems, CBIC by 15th December 2024 for filing IGCR-3 monthly statement. It has been informed on 8th January 2025 that ICEGATE has developed the Excel upload utility for filing IGCR monthly returns. EOUs were requested to integrate the "excel utility" with the ERP software for filling the IGCR returns data at their end. It was further informed that the same excel functionality will soon be available to all users post IGCR 2.0 launch.

3. Extension of RoDTEP scheme for EOUs and SEZ till 30.9.2025 on the pattern of DTA

Vide DGFT Notification No 32/2024-25 dated

30.9.2024, RoDTEP scheme has been extended till 30.9.2025 for DTA exporters and till 31.12.2024 for EOU/SEZ Units/AA holders. There is no justification for this differential treatment for exporters from SEZ/EOU/AA holders. If there is budget constraint, the differentiation may be done on the basis of sectors/products rather than on the basis of DTA vis-a-vis SEZ/EOU/AA holders. Therefore, RoDTEP scheme should be extended till 30.9.2025 for EOU/SEZ Units/AA holders as well. SEZ and EOU exporters have already suffered a lot because of huge difficulties in rollout of ICEGATE in SEZs and IGCR in EOUs. EPCES has been taking the matter with Finance and Commerce Ministries. Detailed status has been given in a separate write-up in this edition. The scheme has been temporarily extended till 29.1.2025.

4. Status of amendment in SEZ Act/DESH Bill

It appears that SEZ Act amendment for key reforms is no longer on Government agenda. Chairman EPCES has again raised the matter before Hon'ble Finance Minister during the pre-budget consultation of the "Trade and Services" group on 26th December 2024 in North Block. Demands for minor amendments in SEZ Act through Finance Bill for supplies to DTA on duty foregone basis and payment for supplies of services to DTA in INR through in the Finance was put up.

5. Improving EODB - Streamlining endorsement of DTA invoices by SEZ SO/AO (In progress)

- a. Need for some sample/risk based rather than 100% invoices examination

100% examination of DTA invoices for endorsement by SOs/AOs creates heavy workload per AO/SOs leading to huge delays. Since 100% examination is there, SOs/AOs ask for physical copies of related documents for their satisfaction of such DTA supplies before they endorse the invoices. This creates another problem. There should

be uniform guidelines for some risk based sample (5-10%) examination of DTA invoices and endorsement of other invoices on self-certification basis to reduce time.

b. Online instead of physical endorsement

There should be online endorsement of DTA invoices by the AO/SOs which should be acceptable by GST authorities so that DTA suppliers are able to get the due refund. API based integration of SEZ Online with GSTN SEZ should also be completed at the earliest.

6. Difficulty in implementation of Instruction No 117 dated 24.9.2024 regarding new FTWZ Operational Framework

DoC, vide Instruction No 117 dated 24.9.2024, has issued guidelines for Operational Framework of FTWZ and Warehousing units in SEZs. It has been provided that the units should have a temper-proof ERP/SAP system and the transfer of goods from one FTWZ to another FTWZ should not be allowed except in specific and exceptional cases after consideration by the UAC. FTWZs/Units have represented about the cost implication of these guidelines and that restrictions on FTWZ to FTWZ transfer to be in violation of the SEZ Rules. EPCES has requested to have a meeting with all stakeholders to address the concerns of the FTWZ / FTWZ Units.

7. Permitting IT/ITES developers for installation of Rooftop Solar Power plants as part of infrastructure/authorised operations for providing electricity in common areas.

Vide Instructions No 116, the Development Commissioners have been requested to consider such requests from Developers/Co-developers in terms of Para I(i) of the DoC Power Guidelines dated 16.02.2016. However, there is still some

lack of clarity in DC offices about declaring rooftops as Non processing area.

8. Minor amendments in new SEZ Rule 11B - Only proportionate duty benefits to be returned

Minor Changes in Rule 11B for IT/ITES SEZs should be carried out so that only proportionate duty benefits under Rule 11B (5(ii)) are to be returned for social and commercial infrastructure and no tax benefits under Rule 11B (9) should be ensured only on O&M of proportional common infrastructure and facilities.

9. Duty free import of electrical items by exporters (handicraft/MSME sector)

EPCES has taken up with Dept for Promotion of Industry and Internal Trade (DPIIT) that D/o Revenue/CBIC to be requested to add the electrical items in the list of Customs notification no. 02/2022 dated 1st February, 2022 for duty free import by bona-fide exporters. DPIIT has recommended the proposal to D/o Revenue on 9.12.2024 and 21.12.2024. EPCES has requested D/o Revenue to consider the proposal for inclusion in the ensuing Budget.

10. Granting of Duty Exemption to "Cy-Tb Skin Test (CTH 3006 3000) for the diagnosis of TB infection" under National Tuberculosis Elimination Programme (NTEP) for supplies made from Special Economic Zone to Domestic Tariff Area under National Tuberculosis Elimination Program (NTEP)

The representation received from M/s Serum Institute of India has been taken up with the D/o Revenue and D/o Commerce. It has also been proposed that a special tariff line may be created on the pattern of supply of electrical energy from SEZ to DTA under the S No 146A, 146B, 146C in respect of CTH 27160000 vide notification no 9/2016-Customs dated 16.2.2016.

■ Members Queries Answered (Oct-Dec 2024)

| S. No. | Query from Member | Response by Grant Thornton |
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| 1 | We have multiple SEZ and DTA units across India. Are we required to maintain separate bank accounts for each SEZ and DTA unit, or can we have a single common bank account for all units at the entity level? If separate bank accounts are required, does each SEZ unit need its own bank account, or is one bank account sufficient for all SEZ units. | It is advisable to have a separate bank account for each unit to facilitate the submission of all export documents and maintain export proceeds. |
| 2 | With reference to BLUT submission, Can we submit the Power of Attorney of the Authorized signatory. | A copy of the Board resolution for the authorized signatory would be required for signing the BLUT. |
| 3 | Request you to help us with the SEZ provision, documentation, and approval process for the SEZ units sub-contracting IT/ITES activities. Trivandrum SEZ Unit – enters contract with foreign customer for IT/ITES services. Trivandrum SEZ Unit wanted to out-source the above said IT/ITeS Service to our Pune SEZ unit. The deliverable will be sent by our Pune SEZ unit to Trivandrum SEZ unit, this deliverable will be final. Trivandrum SEZ unit will integrate our deliverable with hardware and test, once the test is successful, the same will be delivered by Trivandrum SEZ to Foreign Customer. Pune SEZ unit will raise invoice(Foreign currency) on Trivandrum SEZ unit. Trivandrum SEZ will invoice to Foreign customer. | As per Rule 41 of the SEZ Rules 2006, a SEZ unit may undertake sub-contracting upon fulfilment of conditions highlighted in the rule. Further, basis given scenario in your mail, the following key steps should be ensured: Obtaining approval from Specified Officer: The Trivandrum SEZ unit must seek approval from jurisdictional SO before sub-contracting to the Pune SEZ unit. Documentation: - Sub-Contracting Agreement: A formal agreement detailing the scope of work, deliverables, and payment terms between the Trivandrum and Pune SEZ units. - Invoices: The Pune SEZ unit will issue an invoice in foreign currency to the Trivandrum SEZ unit, which will then invoice the foreign customer. - Export Documentation: Appropriate documentation must be maintained for the deliverables sent from the Pune SEZ to the Trivandrum SEZ and subsequently to the foreign customer. Compliance: Ensure adherence of compliances required to be filed under SEZ and GST laws by both the supplier and recipient units. |
| 4 | We are furniture manufacturing unit in MWC-SEZ, Jaipur. We have purchased some finished goods (Furniture Items) as sample from DTA Units but customs authority not allow to gate-in entry in the Zone, they said that finished goods are not allowed in the Zone as your unit is the manufacturing units, so trading not allowed. | Public Notice No. 42/2017 dated 31 October 2017, in conjunction with Instruction No. 4 dated 24 May 2006, clearly specifies that SEZ units holding a Letter of Approval (LOA) for trading activities are permitted to conduct trading. Therefore, if Company wishes to undertake trading activities, it is advisable to get the same incorporated into their LOA. |
| 5 | Please clarify whether the restriction or license requirement for importing IT hardware by SEZ and STPI units engaged in providing services, as per the DGFT policy circular issued on 11 December 2024, is applicable. Additionally, are these restrictions not applicable according to Rule 27 of the SEZ rules. | As per Circular 6/2023-24 dated 19 October 2023, an SEZ/ STPI unit is not required to secure import authorization or registration for the importation of IT hardwares, provided they are intended specifically for captive consumption. |

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| 6 | <p>Our company plans to expand internationally by renting a warehouse in Germany to distribute products within Europe. We will move goods from our SEZ unit in India to the German warehouse, owned by Accumax Lab Devices Pvt. Ltd., and sell them at higher prices to cover additional costs.</p> <p>We seek guidance on handling the higher remittance from sales under current export and foreign exchange regulations, and the Indian government's policies on fund repatriation. Specifically, we need advice on:</p> <ol style="list-style-type: none"> 1. Managing the difference in pricing and remittance. 2. Reporting and remitting additional income under FEMA regulations. 3. Customs and tax obligations in Germany and India. 4. Required export documentation for compliance with Indian and German authorities. | <p>Under the proposed structure, there is no straightforward solution if the transaction is considered as a whole. It is advisable to treat this as two separate transactions. The first transaction would involve supplying goods from the SEZ to the German warehouse, and the second transaction would involve supplying goods from the German warehouse to European clients. SEZ laws do not specifically address this situation, which could lead to potential documentation or legal issues.</p> <p>In response to point no. 4, please find below list of documents required for export of goods as per Indian laws:</p> <ul style="list-style-type: none"> - Copy of Tax invoice; - Copy of bill of lading or airway bill; - Copy of Shipping bill - Copy of Insurance documents, if shipments are sent CIF; - Copy of Packing list; - Copy of Certificate of Origin (COO) - Copy of Export license - Any other (as specified) <p>Additionally, this is a structural query, so it is recommended to get it validated by a customs clearing agent.</p> |
| 7 | <p>Please clarify whether the duty rate applicable at the time of selling a machine should be the current import rates or the original rates at which the machine was purchased.</p> | <p>Customs duties are calculated based on either the depreciated value or the transaction value of the goods, using the current applicable rate at the time of removal.</p> |
| 8 | <p>We are procuring materials from CF CNC Tech DTA Unit, which are directly delivered to SHAN Enterprises-DTA Unit for job work purposes. The unit of measure (UOM) for the materials sent is in KGS, and after the job work is completed, the goods are received back at INDIC-EOU Unit in PCS (as referenced in the Tax Invoice).</p> <p>I would like to seek clarification on the following points regarding this transaction:</p> <ol style="list-style-type: none"> 1. Should INDIC prepare a Delivery Challan for the goods sent to SHAN Enterprises, given that the goods are shipped directly from CF CNC Tech to SHAN on a Bill-to-Ship-to model. 2. Receiving Goods in PCS (After Job Work): How should we receive the goods back in PCS when the original dispatch was in KGS. Could you please clarify the correct documentation process for receiving goods in PCS. 3. ITC-04 Filing: How should we report this transaction in ITC-04. Specifically, how do we handle the goods sent for job work (in KGS) and the goods received back (in PCS) in the form. Should we enter the quantity in PCS when the goods are returned from SHAN Enterprises, or should we maintain consistency with the original UOM in KGS. | <p>Please find below pointwise response to your query -</p> <ol style="list-style-type: none"> 1. Under the Bill-to-ship-to model, the invoice will already include the details of both the buyer (INDIC-EOU) and the receiver (SHAN Enterprises). Therefore, issuing a separate delivery challan from the EOU is not necessary. 2. When seeking approval from the jurisdictional SEZ authority for job-work, a proper process manual would have been submitted. These documents should suffice for addressing the conversion of the unit of measurement. 3. FORM GST ITC-04 has two separate tables for reporting the details of goods sent to job-work premises and the details of goods received back. The unit can report different units of measurement in each table. |

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| 9 | If an EOU unit supplies goods to an SEZ unit and receives payment through the FCA account in INR, does it count towards NFE for the EOU. Alternatively, should the SEZ unit make the payment in foreign currency. | As per Para 6.07(a)(iii) of the FTP 2023, sales made to an SEZ unit are considered for calculating the FOB value of exports by the EOU, provided the payment for such sales is made from the Foreign Currency Account of the SEZ unit. Therefore, if the payment is received through the foreign currency account of the SEZ, the transaction is included in the NFE of the EOU. |
| 10 | One of the Units has surrendered the Demised Premises in an "as is where is" condition, including all Fit-outs and fixtures installed therein, following the payment of applicable taxes such as IGST and duties (BCD & SWS), upon receiving relevant approval from the concerned authority. The Developer now intends to remove the fit outs from the premises. Is IGST applicable at the time of removal, or can the removal proceed without the payment of IGST. | The developer is removing the fit-outs from SEZ to DTA/Scrap dealers. Accordingly, as per Rule 49(4)(a) of the SEZ Rules, 2006, goods can be moved to outside the SEZ without paying BCD, SWS, and other applicable duties, as long as no duty exemption was claimed on such fit-outs. Further, please note that GST will still be applicable on said supply as such transactions fall under the definition of supply under GST Law. |
| 11 | Please provide some clarity on the ICEGATE registration for IT and ITES SEZ units | Currently, ICEGATE registration is mandatory for only Non IT/ ITES SEZs |
| 12 | We are a fund administrator and an ancillary service provider, do we come under the purview of ITES unit as per Rule 43 A of SEZ Rules 2006. | <p>There is no specific provision or rule which provides for definition of Information Technology (IT)/ Information Technology Enabled Services (ITES) under SEZ law.</p> <p>Further, reference may be drawn from Rule 10TA(e) of the Income-tax Rules, 1962 which pertains to Safe Harbour Rules for international transactions. It defines ITes service as "information technology enabled services" means the following business process outsourcing services provided mainly with the assistance or use of information technology, namely:</p> <ul style="list-style-type: none"> (i) back office operations; (ii) call centres or contact centre services; (iii) data processing and data mining; (iv) insurance claim processing; (v) legal databases; (vi) creation and maintenance of medical transcription excluding medical advice; (vii) translation services; (viii) payroll; (x) remote maintenance; (x) revenue accounting; (xi) support centres; (xii) website services; (xiii) data search integration and analysis; (xiv) remote education excluding education content development; or (xv) clinical database management services excluding clinical trials, but does not include any research and development services whether or not in the nature of contract research and development services" <p>Accordingly, based on the above definition provided, ITES services leverage technology to improve and support various business processes. The unit may evaluate the specific nature of the services offered by them. If it meets the criteria mentioned above, it will qualify as ITES, else not. 15</p> |

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| 13 | Can you please let me know process and documents to be submitted for SEZ LOA renewal | As per Rule 19(6A) of the SEZ Rules, 2006, the unit is required to submit the application in Form F1 on SEZ portal, for renewal of the LOA for a further block of five years at least 2 months prior to expiry of current LOA. The details required in the said form are required to be submitted. |
| 14 | <p>We are located in an SEZ, while our customer, a DTA unit, plans to send their tooling (capital goods) to support the production of their projects at our SEZ location. The project is expected to last for three or more years, after which the tooling will be returned to the customer.</p> <p>In this context, we need to understand which SEZ rules or acts permit these activities. What procedures should we follow. Can we accept a delivery challan, given that the tooling remains the property of the customer and cannot be sold to us.</p> | <p>We understand that the unit is subcontracting the project on behalf of the DTA unit under Rule 43 of the SEZ Rules, 2006.</p> <p>Regarding the procedure, please note that there is no specific provision under SEZ Law for supplying of tools/other goods from DTA to SEZ units on a temporary basis. However, in accordance with general practice and industry norms, such tools may be supplied by the DTA unit under the cover of a delivery challan. The receipt of these tools must also be reported to the jurisdictional SEZ officer. Additionally, when removing these tools from the SEZ unit, the documentation trail submitted at the time of entry should be provided to the SEZ officer.</p> |
| 15 | <p>Current Process:</p> <p>Our client imports goods from overseas and supplies goods from our FTWZ unit to MooWR units under SEZ rule 46(13).</p> <p>New Requirement:</p> <p>Client has MooWR units in Mumbai/Delhi. They import raw materials, manufactures finished goods, exports them. Further, they file BE, pays duties, delivers to DTA buyers. They want to supply finished goods to other MooWR units in India. Stores finished goods at FTWZ, supplies on a just-in-time basis. No remittance during transfer, goods remain in client's name, do not cross Customs boundary. With this background please share your opinion on this transaction.</p> | <p>So the transaction is basically as follows :</p> <p>One DTA MOOWR client keeping goods in your FTWZ and then selling them to another DTA MOOWR client.</p> <p>They are using your space.</p> <p>In the current process, you are already keeping imported goods of a DTA buyer(importer) and supplying those imported goods to a DTA (MOOWR) buyer. In the proposed case also, you are again keeping goods of a DTA supplier (and not buyer) and then supplying those goods to another DTA (MOOWR) buyer. Only difference is that your DTA client is not a DTA (importer) buyer but a DTA (MOOWR) supplier. There is no problem from the Customs authorities now . Right.</p> <p>So if we ignore SEZ Rule 18(5) provision that goods in FTWZ can be kept on behalf of foreign supplier, and go by Instruction No 60 (which is generally opposed by CBIC/ Customs authorities), there should not be any problem in your proposed arrangements where you are basically keeping goods on behalf a DTA (MOOWR) supplier and transferring those goods to another DTA (MOOWR) buyer. But this interpretation is subject to the problem being faced by you in case Customs authorities do not go by Instruction No 60 and follow only SEZ Rule 18(5) and may be when ICEGATE starts covering these transactions.</p> <p>I think, payment for the goods between your client (DTA MOOWR Supplier) and the DTA (MOOWR) buyer will be in INR.</p> |
| 16 | <ol style="list-style-type: none"> 1. Customs records/bill of entry/import invoices/packing list/ bonding/re-warehousing certificates to be preserved for how many years. 2. For digitisation of records and destroying manual records any permission to be obtained from department. | <p>Please find pointwise response to your query as below:</p> <ol style="list-style-type: none"> 1. As per Regulation 3 of Custom Audit Regulations, 2018, the unit is required to preserve the records including electronic records for a minimum period of five years in relation to imported goods or export goods or dutiable goods. However, as per best industry practice and in alignment with other regulations, records need to be preserved for a minimum of 8 years. 2. There is no specific provision in this regard, however, it is advisable to intimate the jurisdictional officer before taking any action on the records. |

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| 17 | We need clarification with respect to DBK claim for EOU Unit. We are claiming EOU benefit under Customs notification no. 52/2003 for our regular imports & along with import material purchased from domestic Suppliers. Please confirm if RoDTEP & DBK can be claimed simultaneously if we are already claiming RoDTEP benefit for EOU exports. | RoDTEP and DBK are two separate benefits and can be availed simultaneously by the EOUs. |
| 18 | If the MOOWR unit is a DTA unit, why is it that when goods are cleared from a MOOWR unit for sale in the DTA, the unit needs to pay the customs duty on the imported goods' contents only and not on the assessable value as in the case of a DTA unit. Please clarify. | As we discussed over telephonic conversation, there is no specific provision for SEZ units to undertake subcontracting for MOOWR. However, as per Rule 43 of the SEZ Rules 2006, any subcontracting undertaken by SEZ units on behalf of DTA exporters requires annual permission from the jurisdictional customs officer before commencing such job work, in addition to fulfilling the conditions outlined in the rule. Consequently, any subcontracting by these units must be reported to the jurisdictional customs officer and can only proceed based on the approval received. |
| 19 | Can a MOOWR Unit send materials to a SEZ unit for sub-contract and conversely can a SEZ unit undertake sub-contract work from a MOOWR unit by altering authorised operations in LOA. As per SEZ rules, SEZ unit can undertake job work from a DTA unit for export on the basis of annual permission by the specified officer. Such sub-contract is permissible for the SEZ unit subject to the condition that the DTA exporter should supply all raw materials. This para specifically mentions DTA unit. So is this para applicable to a unit under MOOWR scheme. Please clarify. | As per Section 2(i) of SEZ Act, 2005, DTA unit includes the whole of India but does not include SEZ area. Accordingly, a unit operating under the MOOWR scheme may be considered as a DTA unit. |
| 20 | A seller - Mr. A and Company (SEZ Unit) and buyer - Mr. B (DTA Unit) Transaction: Sale from SEZ Unit to DTA Unit Specific Query: Can the DTA Unit (Mr. B) file the Bill of Entry through a CHA for goods purchased from an SEZ Unit. | As per Rule 48(1) of SEZ Rules, 2006, the DTA buyer must file a Bill of Entry for home consumption. This should include a complete description of the goods and/or services, such as make, model number, serial number, and specifications, along with the invoice and packing list, with the Authorized Officers. Consequently, the DTA unit may file the BOE through a CHA for goods purchased from an SEZ Unit. |
| 21 | Our SEZ Unit issued Purchase order in INR on one of our Vendor. Vendor has imported the raw materials under Advance License for the above supply to SEZ. As part of Fulfilment of Export Obligation, the vendor intend to file the Bill of Export in INR and fulfil the Advance License conditions. Please confirm whether this is allowed under SEZ Rule even if SEZ Unit makes payment to indian vendor in INR w.r.to fulfilment of Advance License Obligation. Please clarify. | As per Para 4.21 of FTP-2023, exports to SEZ Units will count towards fulfilling export obligations only if the payment is received from the SEZ unit's Foreign Currency Account. |
| 22 | We have submitted APR for FY 2023-24 on SEZ Online System with Seal & Sign of Chartered Accountant. Now have received query regarding that please provide UDIN of Chartered Accountant. Please confirm, can we now apply for UDIN or UDIN is not required for APR. | The UDIN is required to be mentioned on APR signed by CA. As per the FAQs on Unique Document Identification Number (UDIN) issued by ICAI, it has to be generated within 60 days from the date of signing or attesting the documents by the CA in practice. Accordingly, it is recommended to check with the CA who certified the APR and get the respective UDIN. |

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| 23 | Is there any retention period of SEZ documents like procurement documents, gates passes prepared for material movement. If there is any rule on retention period please let us know. | According to Rule 22(2) of the SEZ Rules, 2006, SEZ units are required to retain their documents for a period of seven years from the end of the financial year. |
| 24 | <p>We have been procuring certain exempt goods and services under GST without obtaining DTA procurement certificates. During a recent GST audit, a query was raised regarding the absence of these certificates for:</p> <p>Goods: Salt (HSN 2501)</p> <p>Services (from SEZ Developer): River Water, Electricity</p> <p>We request guidance on whether DTA Procurement certificates are required for these goods/services.</p> | Any tax exemptions obtained by the SEZ unit through input procurements, whether goods or services, must be reported in DTAP/DSPF with the applicable GST rate foregone on such procurements. Further, based on our limited understanding, goods exempt from GST or those outside the scope of GST may not need to be reported in these forms. |
| 25 | <p>We would like to destruct the materials through approved e-waste vendor M/s. SEZ recycling located in SEZ unit. Please clarify.</p> <ol style="list-style-type: none"> 1. We would like to do the zone-to-zone transfer for the same, please advice do we need to process the invoice based on the depreciated value or on the scrap value. Our contract with SEZ recycling is with the scrap value. 2. Do we need to pay duty amount or avail exemption since we are getting realization through the destruction, but we are transferring the material to other SEZ Unit. 3. Please guide on SEZ law to transfer the material to SEZ Recycling unit for the destruction of the material. | <p>As per Rule 30(15) read with Rule 38 of SEZ Rules 2006, a SEZ unit may transfer goods/ services to another SEZ unit. The value would either be depreciated or transaction value, whichever is higher.</p> <p>Referring to Rule 38 of SEZ Rules, the unit may remove goods to another SEZ without payment of duty.</p> |
| 26 | Could you please check and revert, if the SEZ unit is taking health insurance for its employees, then can they avail GST exemption on the premium paid by the unit. | <p>An SEZ unit is entitled to procure services for its authorised operations and a list of services has been notified by MOC which is commonly known as default services. Uniform list of services specifically covers the services procured directly in relation</p> <p>to business of unit. Since health insurance for employees is not considered a service with a direct nexus to business activities of unit, it may not be allowed to be procured duty-free.</p> <p>Further, health insurance services are not included in the default list of services for authorized operations of SEZ units. Consequently, the health insurance services provided to employees by the SEZ unit would not be eligible for GST exemption.</p> |

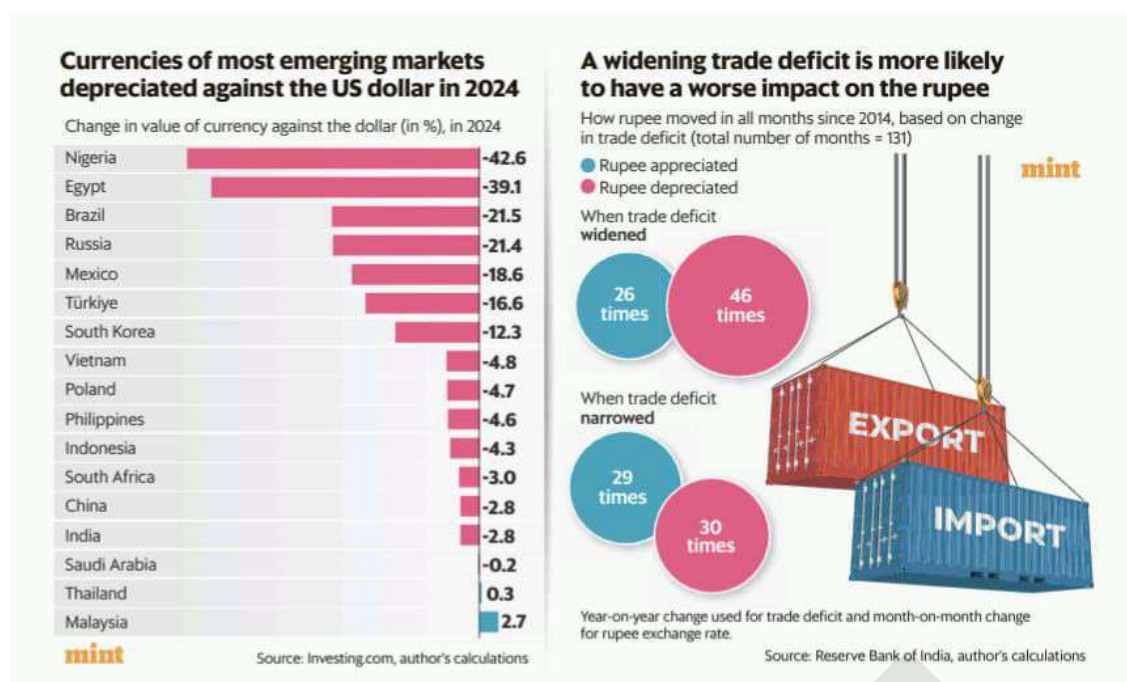
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| 27 | <p>We need guidance on a DTA sale transaction from our SEZ unit to a DTA unit, specifically regarding the sale of two Access vehicles registered under our unit name.</p> <p>Procurement: Vehicles were bought with GST paid, but no ITC was claimed.</p> <p>Scrapping: We plan to scrap and sell these vehicles in the DTA, charging 28% IGST.</p> <p>We seek confirmation on whether BCD, SWS, or other duties are applicable for this sale within India.</p> | <p>As per Rule 49(4)(a) of the SEZ Rules, 2006, goods can be moved to a DTA unit without paying BCD, SWS, and other applicable duties, as long as no duty exemption was claimed on the scrapped vehicles. However, GST will still be applicable on these supplies.</p> |
| 28 | <p>Please clarify whether GST Act override SEZ Act as per the definition of export and import under SEZ Act.</p> | <p>We understand that the unit is providing facilitating services to NSE IX and acting as an agent/broker. Accordingly, this transaction appears to be a supply of service and not trading of goods. The definition quoted in your query pertains to export and import of goods. We assume these definitions are not applicable in the current scenario.</p> |
| 29 | <p>We have recently commenced our trading operations with NSE IX and would appreciate your clarification on the following points:</p> <ol style="list-style-type: none"> 1. While filing a monthly performance report, do we have to mention the trade/ transacted amount. If yes then under which option 2. Does this figure need to be mentioned in SERF also. 3. Any other reporting need to be complied. | <p>Apparently, we understand that the unit is performing trading activities in India with NSE. Since the place of supply is in India, it may not qualify as an export of services. Based on our understanding, DTA supplies do not need to be reported in the monthly MPR. Additionally, SERF is a form for reporting all services exported by the unit and the remittances received in foreign exchange for services rendered outside India by SEZ units. Therefore, DTA supplies may not need to be reported in SERF.</p> |
| 30 | <ol style="list-style-type: none"> 1. Are EOUs allowed to import second hand/ used equipment (which will be used in R&D Lab) without payment customs duty & IGST. 2. If Yes, do we need to obtain any pre-import approvals and from which authorities. Also guide on documents required for the same along with the procedures. 3. Please advise on post import compliance | <p>As per Para 6.02 read with Para 6.01 (d)(ii) of FTP 2023, second hand capital goods are allowed to be imported by EOU units without payment of taxes. However, Para 2.31 of FTP-2023 poses certain restrictions on import of second hand capital goods. Accordingly, you may check if your asset falls under any of such restricted categories</p> |
| 31 | <p>We imported a duty-free machine from Taiwan in August 2003 under the 100% EOU scheme. The warehousing period expired in August 2013. Now, the machine is surplus, and we need to sell it in the DTA market. Could you please confirm if we need to pay only GST on the sale or if duties on the depreciated value are also required.</p> | <p>As per Para 6.14(b) of FTP- 2023 read with Notification no. 52/2003-Customs dated 31 March 2003, an EOU may remove capital goods to DTA unit on payment of applicable GST and duties of customs leviable under First Schedule of the Customs Tariff Act, 1975. Further, depreciation benefit would be available in case the unit has positive NFE. Accordingly, the unit would be required to pay applicable BCD, SWS and GST on the depreciated value on removal of machine to DTA unit.</p> |
| 32 | <p>We would like to undertake AI based services from existing set-up for Swarovski Group from our manufacturing plant as EOU. It will involve export of such services. Please clarify:</p> <ol style="list-style-type: none"> 1. Whether we can add proposed services in existing LOP. 2. If answer is negative in 1st question, what formalities are required to undertake proposed service | <p>We understand that the EOU is venturing into a new operation of AI Based services. It's important to note that EOUs are permitted to broaden their activities for similar goods and activities outlined in their LoP, or to establish backward or forward linkages to their existing line of manufacture. Therefore, it can be understood that services incidental to core activity of manufacturing can be undertaken under the same LOP. For more details, please share a copy of your LOP.</p> |

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| 33 | Our director's name has recently changed. Please advise how to update this information on the SEZ portal and other relevant platforms. | You may change the director details by login into approver ID >> Factsheet and UAC Applications >> Change in list of directors. Apart from above, such changes are required to be made at the GST online portal and DGFT portal as well. |
| 34 | Please clarify whether existing MOOWR license holder can include any other place as additional place of business, after obtaining required permission from competent authority, similar to the one applicable under EOU scheme, to avail the applicable benefits. | Each bonded warehouse is required to obtain its own independent license. Unlike EOUs, there is no provision for adding a separate bonded warehouse under the same license of existing warehouse. You may have to apply for a fresh warehouse for the additional premises with the jurisdictional customs. |
| 35 | We need an interpretation of Rule 53(D). Our understanding is that "inputs" refer to metals and precious stones used in manufacturing the export product. However, the department believes "inputs" include everything purchased or availed by the unit for authorized operations. | Basis our limited understanding, Rule 53(D) of the SEZ Rules, 2006, specifies that the value of inputs should be considered when calculating the NFE. Although "inputs" are not defined under sub-rule D, sub-rule B of Rule 53 explains that "inputs" include raw materials, intermediates, components, consumables, parts, and packing materials. The company may refer to this provision and consult the jurisdictional officer for better clarity. |
| 36 | Our APR for F.Y. 2022-23 is under review with SEEPZ Authorities. We're facing a disagreement on the calculation of Value Addition ($VA = (A-B)/B \times 100$), specifically on what constitutes the value of inputs. Can services provided to other SEZ units be considered income for Value Addition. | As per Rule 53(D) of the SEZ Rules, 2006, only the value of inputs should be considered when calculating the NFE. For better clarity, you can ask the jurisdictional officer to explain the provision that includes services and consumables. |
| 37 | In furtherance to below query, please clarify, if a unit operating under MOOWR scheme send materials to a unit located in SEZ for job work and can sez unit undertake the job work. | The response remains the same. A unit operating under the MOOWR scheme can send materials to a unit located in an SEZ for job work. The SEZ unit can undertake the job work, provided that the goods are intended for export from the SEZ. |
| 38 | Can the unit undertake job work from units outside the sez by adding the activity to our authorised operations. | As per Rule 43 of the SEZ Rules, 2006, a SEZ unit is permitted to engage in job work for export purposes on an annual permission basis for a DTA unit. Such activity is required to be included in its LOA as authorised operations. This subcontracting is permissible under the condition that the DTA exporter supplies all raw materials, including semi-finished goods and consumables like fuel, and the finished goods are directly exported by the SEZ unit on behalf of the DTA exporter from the SEZ. |
| 39 | Whether the export of " Vitamins and minerals– HSN 21" to Syria is restricted under INCOTERM FCA Mumbai Seaport. The payment for this consignment will be received from a European country. | There appears to be no restriction on exporting your products under HSN code 21 under "SCHEDULE- 2 - EXPORT POLICY" of FTP 2023. |

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| 40 | Clarification regarding regularization of refund of IGST availed in contravention of rule 96(10) of CGST Rules, 2017, in cases where the exporters had imported certain inputs without payment of integrated taxes and compensation cess. Is this circular applicable to us. | This circular is issued to clarify the situation following the withdrawal of Rule 96(10) of the CGST Rules, 2017, as per Notification No. 20/2024 – Central Tax dated 08 October 2024. It is understood that units opting to pay tax on exported goods and claim refunds under Rule 96 of the CGST Act, 2017, were previously restricted by Rule 96(10) of the CGST Act, 2017. This rule prohibited EOUs from claiming refunds of IGST paid on exports if they had received tax benefits on imported goods under Notification 78/2017 - Customs dated 13 October 2017. Therefore, this circular is applicable to all EOUs concerning refund provisions. |
| 41 | We are planning to import materials from our parent company in UK to our SEZ Unit in India for quality inspection. After that, the materials will be returned to them. We will charge the parent company for value-added services. What is the procedure for importing and re-exporting goods as job work under Customs and SEZ compliance | According to Rule 18(6) of the SEZ Rules, an SEZ unit is permitted to provide services/ manufacturing services to an overseas entity, provided that the conditions outlined in the said rule are met. |
| 42 | Are EOU units allowed to sell in DTA – is there any restriction on quantity and value based on Export turnover. | As per Para 6.07 of FTP 2023, there is no prescribed threshold limit for the sale of goods. However, conditions mentioned in said para are required to be adhered. |
| 43 | We sold goods for export under a third-party Shipping Bill (from the SEZ unit to the loading port), and the goods were exported using the same Shipping Bill. Now, the SEZ unit wants to pay GST at 0.1% as per GST Notification No. 40/2017 dated 23.10.2017. | As per Rule 46(11) of SEZ Rules, 2006, read with Notification no. 41/2017-Integrated Tax (Rate), the goods shall move from the registered supplier premises directly to the port of export. In that case there is no requirement of filling BOE. However, such supply shall attract the IGST of 0.1% on the deemed supply of goods from registered supplier to registered recipient/merchant exporter. |
| 44 | Is there any special provision for packing credit RUNNING ACCOUNT for EOU units if it is a group companies / related party. | Provisions related to packing credit are common for all type of exportes. No specific provision for EOU. |
| 45 | We want to add contract development services (similar to R&D services) as Board Banding. We are applying online in NSDL. The system is asking for ITHSN or CPC. We mention the SAC (of GST) as 998145. The system is not accepting the code both in ITCHS as well as CPC. Please inform the right code and who to apply correctly. Also, provide the list of the SAC and CPC code. | Please check your application details again if these are as per requirement - also both CPC and SAC are required to be furnished. You may find and select the applicable CPC code from - https://content.dgft.gov.in/Website/cpc.pdf |
| 46 | We obtained a Silver Import License which is valid until FY 2026 and we are planning to relocate to SEZ, Aerospace, Devanahalli, Bangalore by March 2025. We have two questions: 1. Can we use the obtained license in SEZ since both EOU and SEZ share the same IEC code. 2. In SEZ, is a license required for restricted items, or is it sufficient to include them in our BLUT and get approval from the AO. | SEZ units are entitled to import without restrictions. However, while applying for LOA, the unit must mention about such imports and also update its IEC. |

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| 47 | We had procured 4 Nos. loaded racks from DTA to SEZ unit without payment of IGST. We had filed DTA procurement form on SEZ portal. Can we transfer these racks in our DTA unit by paying applicable duties/tax and under which SEZ rule. | Yes you can transfer these assets in DTA on payment of applicable taxes with reference to Rule 47 of the SEZ Rules, 2006 |
| 48 | As an EOU can you please clarify if there is any limitation in doing external manufacturing until we set up our own and if we need to take any special permission for the same. | We understand that the entity wants to manufacture from an additional place outside the EOU unit which is owned by a third party. In this regard, as per para 6.34 of HBP 2023, inclusion of additional space may be granted by the development commissioner. We would like to inform you that there is no explicit provision or document prescribed in the FTP/HBP for inclusion or deletion of the space. You may approach the Zonal Development Commissioner along with the written application, map of the third party site along with property ownership documents and lease deed for approval of additional space. |
| 49 | Kindly find the below queries to understand better the compliance process or workflow: 1. MPR deadline. 2. SERF deadline. 3. APR deadline. 4. Is it possible to edit wrongfully entered SERF & MPR data due to clerical mistake by the employer. 5. Is there a new upgrade in the system of SEZ portal. 6. We have purchased laptop for office for which duty paid including GST. Now we want to surrender old laptop to our parent company outside the SEZ area. Whether we have to pay again the duty and IGST on it. Additionally, we would like to know if DTA sale tax is applicable on this transaction. What is the procedure in this regard for removal of laptop from SEZ unit. | Please find below point wise response: 1. 5th of Subsequent Month 2. 10th of Subsequent Month 3. 30th September of subsequent financial year 4. A request with detailed justification to be submitted to NSDL office. 5. Some work in progress 6. For removal of goods from SEZ into DTA, a Bill of Entry is required to be filed which will be assessed by AO/SO posted at SEZ. It will attract applicable customs duties as being an import transaction for DTA buyer. No other tax is payable. |
| 50 | Could you please confirm whether IGST needs to be debited in the B-17 Bond in addition to BCD, CVD, and ACD. Additionally, for capital goods, if IGST must be debited in the B-17 Bond, should it be debited at 25% of the IGST foregone. | Customs duties (CD+IGST+ACD) is to be debited in B-17 bond. IGST has replaced CVD. For Capital goods only 25% of duty/tax forgone to be debited. |
| 51 | A unit purchased duty (GST) paid material four years ago. Now, they want to take that material outside the SEZ. Do they need to pay duty (GST) on that material again. | We understand that you are enquiring about GST payment. Please note that as per Rule 47 to 49 of SEZ Rules, 2006, the applicable GST must be paid on the sale to DTA, as it is a separate transaction from the procurement of these goods four years ago. |
| 52 | In furtherance to below query, will you please outline the process. | Please note the following points for your consideration: - Goods procured by STPI unit from overseas (outside India): These supplies are exempt from customs duty, additional duty, integrated tax and compensation cess as per the Customs Tariff Act, 1975. For details, kindly refer to Notification No. 52/03-Cus. dated 31 March 2003, para f(a)(b). - Goods procured by STPI unit from DTA (within India): IGST is applicable on these supplies |

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| 53 | Can STPI unit avail GST exemption on procurement of capital goods. If so under which notification and what will be the process for the same. | STPI units can avail GST exemption on the procurement of capital goods as per Notification No. 52/2003-Customs dated 31st March 2003. |
| 54 | Please check and confirm whether Vehicle Radars under CTH 8526 10 00 can be imported and exported for research, development, testing and analysis purpose without obtaining special import license and SCOMET license for exports. | <p>Import authorizations are required for SCOMET items with certain exceptions as mentioned below:</p> <ol style="list-style-type: none"> 1. As per para 2.50 of HBP, 2023, all restricted items and those allowed for import by STEs for research and development purposes can be imported without authorization by government-recognized R&D units. 2. As per Para 10.15 of HBP, 2023, only intra-company transfers are allowed to re-export SCOMET items without pre-authorization subject to fulfilment of certain conditions as mentioned in said para. <p>Accordingly, if imported Vehicle Radar qualifies under either of the above given exceptions, then license for SCOMET items would be exempted.</p> |
| 55 | As per our current operations, there is no client trading taking place. Please clarify what needs to be reported in SERF. Specifically, do we need to file a nil report, or are there any other reporting requirements we should meet in this situation. | SERF is mandatory for reporting all invoices raised by the unit. Further, we understand that currently there are no invoices raised from the unit accordingly, it is recommended that Company shall file the nil SERF on SEZ portal. |
| 56 | We intend to sell imported materials to another EOU. We have obtained permission from the SEZ. How will this transaction be treated under GST. Should it be considered a deemed export, or do we need to charge GST to the buyer. The purchase order from the buyer is in foreign currency, and payment will also be received in foreign currency. | As per Para 6.14 read with Para 6.12 of FTP, 2023, transfer of goods from an EOU to another EOU is allowed and would be treated as import by the receiving unit. Such a transaction would not attract any custom duty, however, applicable GST is to be discharged on transaction value. |





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Quick Estimates For Selected Major Countries for December Trade - Exports Trade Import

(in Mn USD)

| Sl. No. | Countries | (Values in Million USD) | | | | % Change | |
|---------|--------------------|-------------------------|------------------------|-----------------|------------------------|---------------|------------------------|
| | | December 2023 | April 23-December 2023 | Dec'24 | April 24-December 2024 | December 2024 | April 24-December 2024 |
| 1 | U S A | 6,474 | 56,768 | 7,024 | 59,929 | 8 | 6 |
| 2 | U Arab Emts | 3,960 | 24,734 | 3,048 | 26,928 | -23 | 9 |
| 3 | Netherland | 2,135 | 15,595 | 1,582 | 17,888 | -26 | 15 |
| 4 | U K | 1,156 | 9,492 | 1,227 | 10,829 | 6 | 14 |
| 5 | China P Rp | 1,667 | 11,947 | 1,231 | 10,442 | -26 | -13 |
| 6 | Singapore | 1,116 | 8,929 | 994 | 10,399 | -11 | 16 |
| 7 | Saudi Arab | 947 | 8,021 | 1,426 | 8,739 | 50 | 9 |
| 8 | Bangladesh Pr | 880 | 7,893 | 1,176 | 8,259 | 34 | 5 |
| 9 | Germany | 842 | 7,131 | 874 | 7,703 | 4 | 8 |
| 10 | Australia | 530 | 6,401 | 773 | 6,284 | 46 | -2 |
| 11 | France | 460 | 5,255 | 769 | 5,905 | 67 | 12 |
| 12 | Malaysia | 730 | 4,992 | 559 | 5,892 | -24 | 18 |
| 13 | Italy | 876 | 6,128 | 726 | 5,829 | -17 | -5 |
| 14 | South Africa | 655 | 6,266 | 549 | 5,826 | -16 | -7 |
| 15 | Nepal | 601 | 5,297 | 664 | 5,316 | 11 | 0 |
| 16 | Brazil | 457 | 4,700 | 581 | 5,226 | 27 | 11 |
| 17 | Belgium | 574 | 5,847 | 510 | 4,678 | -11 | -20 |
| 18 | Japan | 481 | 3,808 | 495 | 4,476 | 3 | 18 |
| 19 | Hong Kong | 775 | 6,086 | 386 | 4,451 | -50 | -27 |
| 20 | Mexico | 453 | 3,973 | 492 | 4,376 | 8 | 10 |
| | Sub-Total | 25770.05 | 209260.96 | 25083.64 | 219374.26 | -2.66 | 4.83 |
| | Grand Total | 38391.03 | 316649.87 | 38010.71 | 321708.66 | -0.99 | 1.60 |

"Note 1: Grand total is inclusive of all countries.

Note 2: The figures for DEC'24 are provisional."

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About Us

Export Promotion Council for EOUs & SEZs (EPCES), is a multi-product Export Promotion council, set up by the Ministry of Commerce and Industry in January 2003, represents interest of SEZ units, developers, and Export Oriented Units. As of 31.03.2024, EPCES has 5971 members, including 4629 SEZ units, 384 SEZ developers, and 958 EOUs. In FY 2023-24, SEZs exported goods and services worth \$157.34 billion, accounting for 20.2% of India's total exports. Goods exports from SEZs were \$63.04 billion (14.4% of India's total goods exports of \$437.06 billion), and services exports were \$94.3 billion (27.8% of India's total services exports of \$339.62 billion). Approximately 5700 units operate in 278 SEZs, employing 29.84 lakh people with a total investment of about ₹6.7 lakh crore.

Key Achievements

- Refund of Duties and Taxes on Export Products (RoDTEP) scheme has been extended to SEZs and EOUs vide notification No 70/2023 dated 8.3.2024. For EOUs, it is effective 11.3.2024 as EOUs are already integrated with ICEGATE. In case of SEZs, the scheme will be effective on IT integration of SEZs with ICEGATE with effect from 1.7.2024. The scheme is temporarily extended until 29.1.2025.
- Mandatory Quality Control Orders issued by M/o Steel, M/o Textiles, D/o for Promotion of Industry and Internal Trade and D/o Pharmaceuticals and Chemicals have been exempted for imports by SEZs and EOUs for exports purposes vide DGFT notification No 71/2023-24 dated 11.3.2024.
- IT/ITES SEZs can now serve the Domestic Tariff Area by demarcating non-processing areas under new SEZ Rule 11B (Vide Notification No. GSR 881(E) dated 6.12.2023). Clarifications have been issued vide Instruction No. 115.
- SEZ units have been exempted from the Safeguard Quantitative Restrictions imposed on import of Isopropyl Alcohol vide DGFT Policy Circular 4 dated 31.8.2023.
- Department of Commerce vide letter dated 3.10.2023 has clarified that Zero-rating benefit for lease rentals and charges for employee welfare facilities in SEZ units will continue.
- SEZ units and EOUs have been exempted from obtaining a "restricted import authorization" for IT hardware imports for captive use, as per Notification 23/2023 and DGFT Policy Circular No. 6 dated 19.10.2023
- DGFT, vide Notification No 56/2023 dated 1.1.2024, amended Para 2.31 of the FTP giving special exemption from restrictions to movements of used IT assets (Laptops, desktops, monitors, printers) from SEZ to DTA
- IT/ITES developers and SEZ units have been allowed to install rooftop solar power plants with fiscal, benefits for captive/common use
- GST council has, on 22.6.2024, recommended exemption from Compensation Cess on imports by SEZ units/ developers.

Shri Srikanth Badiga

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Export Promotion Council for EOUs & SEZs

(Set up by Ministry of Commerce & Industry, Government of India)

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