

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF COMMERCE

NOTIFICATION NO. 39 (RE-00)/1997-2002

NEW DELHI: the 19th October 2000

In exercise of powers conferred by Section 5 of the Foreign Trade (Development and Regulation) Act, 1992 (No. 22 of 1992) read with paragraph 1.3 of the Export and Import Policy, 1997-2002 (incorporating amendment made up to 31.3.2000), the Central Government hereby makes following amendments in the Export and Import Policy, 1997-2002 (incorporating amendment up to 31.3.2000).

1. The following shall be added as paragraph 9.13(d):-

Duty paid on furnace oil, procured from domestic oil companies, would be reimbursed to EOU/EPZ/EHTP/STP units by the Development Commissioner of the concerned Zone as per the rate of Drawback notified by the Directorate General of Foreign Trade from time to time.

2. The paragraph 9.19 shall be amended to read as under:-

Capital goods and spares that have become obsolete/surplus may either be exported or disposed of in the DTA on payment of applicable duties. The benefit of depreciation, as applicable, will be available in case of disposal in DTA. No duty shall be payable if the goods are destroyed with the permission of Assistant or Deputy Commissioner of Customs.

3. The paragraph 9.29 shall be amended to read as under:-

Net Foreign Exchange	9.29	Net Foreign Exchange earning as
earning as a		a percentage of exports (NFEP)

Percentage of Export (NFEP) and monitoring of performance

shall be calculated cumulatively for a period of five years from the commencement of commercial production according to the formula given in the Handbook (Vol-I).

The performance of EOU/EPZ/SEZ units will be monitored as per the guidelines given in Appendix-16 (E) of Handbook (Vol-I).

4. The paragraph 9.31 shall be amended to read as under:-

All proposals for setting up of units in SEZ will be approved by the Development Commissioner. In case of any change in approved activity or undertaking any new activity, the units shall intimate to the Development Commissioner.

5. The paragraph 9.32 shall be amended to read as under:-

SEZ units, including gem and jewellery units, shall achieve positive NFEP as per paragraph 9.29 of the Policy.

6. The paragraphs 9.33 and 9.35 shall be deleted.

7. The paragraph 9.36 shall be amended to read as under: -

SEZ unit may sell goods, including by-products, and services in DTA in accordance with the import policy in

force, on payment of applicable duty.

DTA sale by service units shall be subject to achievement of positive NFEP cumulatively.

No DTA sale shall be permitted to trading SEZ unit.

8. The paragraph 9.38 shall be amended to read as under: -

(a) SEZ unit, other than gem and jewellery, may subcontract a part of their production or production process in the DTA or through other SEZ/EOU/EPZ/EHTP/STP units with the permission of Customs authorities.

(b) With the permission of Custom authorities Gem and jewellery unit may: -

(i) Subcontract part of their production or production process of gold/silver/platinum jewellery in the DTA subject to the condition that the goods, finished or semi-finished, including studded jewellery, containing quantity and purity equal to the gold/silver/platinum so taken out, shall be brought back to the Zone within 30 days. However no diamond, precious or semi-precious stones shall be allowed to be taken out of the Zone for sub-contracting.

(ii) Receive plain gold/silver/platinum jewellery from DTA in exchange of gold/silver/platinum of equal quantity and purity.

(iii) SEZ units shall not be eligible for wastage or manufacturing loss against the jewellery received from DTA after processing as mentioned in (i) and against exchange of gold/silver/platinum as mentioned in (ii).

(iv) The DTA unit undertaking job work or supplying jewellery against exchange of gold/silver/platinum shall not be entitled to deemed export benefits.

(c) All units, including gem and jewellery, may subcontract part of the production or production process through other units in the same SEZ without any approval subject to records being maintained by both the supplying and receiving units.

(d)SEZ units may be allowed to undertake job-work for export, on behalf of DTA units, provided the finished goods are exported direct from SEZ units. For such exports, the DTA units will be entitled for refund of duty paid on the inputs by way of Brand Rate of duty drawback.

(e)Scrap/wastes/remnants generated through job work may either be cleared from the job worker's premises on payment of applicable duty or returned to the Zone unit.

9. The paragraph 9.40 shall be amended to read as under:-

All activities of the SEZ unit, unless otherwise specified, will be through self- certification procedure and shall be monitored by a committee comprising of Development Commissioner and Customs. The Committee shall be headed by the Development Commissioner. It will also see that the wastage/manufacturing loss on gold/silver/platinum jewellery and articles are within the overall percentage prescribed in paragraph 8.28 of Handbook (Vol.- 1). In case of higher wastage/manufacturing loss, the committee shall satisfy itself of the reasonableness of the same.

10. The paragraph 9.41 shall be amended to read as under:-

Paragraphs 8.21, 8.28, 9.2, 9.3, 9.4, 9.6, 9.7, 9.8, 9.10(a),(c), (d), (e) & (f), 9.11, 9.12, 9.13, 9.14, 9.15, 9.16, 9.18, 9.19, 9.23, 9.24, 9.26, 9.27 of the Policy shall apply to SEZ units.

No provision of Chapter 8 of the policy shall apply to SEZ units unless otherwise specified.

This issues in Public Interest.

(N.L. Lakhanpal)

Director General of Foreign Trade

And Ex-officio

Additional Secretary to the Government of India

Copy to all concerned.

(A.K. Srivastava)
Dy. Director General of Foreign Trade