Frequently Asked Questions (FAQ)

Common Deficiencies Leading to Delay in Approval of New Unit Proposals in NSEZ/SEZs

Q1. I have submitted Form F online. Is that sufficient?

No.

Submission of Form F online does not complete the application process. Applicants are also required to submit the signed physical copy of Form F along with all applicable supporting documents to the Office of the Development Commissioner.

Common Deficiency:

- Online application submitted but physical documents not received.
- Form F printout not signed on all pages.

Q2. What is the most common reason for applications being returned for clarification?

The most common reason is submission of incomplete documentation.

Applicants often fail to submit:

- Detailed Project Report.
- Affidavit in prescribed format.
- Board Resolution/Authorization.
- Financial documents.
- Supporting documents for source of funds.
- Shareholding details.

Q3. Why is the Project Report important?

The Project Report is the primary document used by the Approval Committee to assess the viability of the proposed unit.

The report should clearly explain:

- Proposed activity.
- Manufacturing/service process.
- Market potential.
- Export projections.
- Investment plans.
- Means of finance.

Common Deficiency:
Project reports are often generic, copied from templates, or do not justify export projections.

Q4. Why are export projections frequently questioned?

Export projections should be realistic and supported by market assessment.

Applicants should explain:

- Target markets.
- Potential customers.
- Existing orders or marketing arrangements.
- Basis of export estimates.

Common Deficiency:
Very high export projections without supporting rationale.

Q5. Why are ITC(HS) Codes important?

ITC(HS) Codes help identify the products proposed to be manufactured or traded.

Common Deficiencies:

- Incorrect ITC(HS) Codes.
- Generic product descriptions.
- Product descriptions not matching ITC(HS) Codes.
- Multiple products shown under a single code.

Q6. Why is production capacity required?

Production capacity helps assess:

- Scale of operations.
- Infrastructure requirements.
- Investment justification.
- Export potential.

Common Deficiency:
Production capacity not mentioned or not supported by machinery details.

Q7. Why are applications delayed due to financial information?

The Approval Committee evaluates whether adequate resources are available for implementation of the project.

Applicants should provide:

- Promoter contribution.

- Equity funding.
- Loan arrangements.
- Internal accruals.

Common Deficiencies:

- Source of funds not explained.
- No documentary evidence.
- Figures in Project Report and Form F do not match.

Q8. Why is the Fund Flow Statement scrutinized carefully?

The Fund Flow Statement demonstrates how:

1. Fixed assets will be financed.
2. Working capital requirements will be met.
3. Initial export consignments will be funded.

Common Deficiencies:

- No evidence supporting proposed funding.
- Unrealistic funding arrangements.
- Working capital requirement not explained.

Q9. What deficiencies are commonly observed in foreign exchange projections?

Applicants frequently:

- Leave foreign exchange outgo details incomplete.
- Ignore royalty or technical fee payments.
- Do not explain import requirements.
- Provide inconsistent figures.

All foreign exchange earnings and outgo should be properly reflected and supported.

Q10. Why are manufacturing process flow charts required?

The process flow chart enables assessment of:

- Manufacturing activity.
- Raw material requirements.
- Capital goods requirement.
- Finished products.

Common Deficiencies:

- Flow chart not submitted.
- Raw materials and finished products not clearly linked.
- HS Codes not indicated.

Q11. What deficiencies are noticed in company documents?

Frequently observed issues include:

- Missing Memorandum & Articles of Association.
- Missing Partnership Deed.
- Missing Board Resolution.
- Non-submission of DIR-12/Form-32.
- Incomplete shareholding records.

Q12. Why are Income Tax Returns and financial statements required?

These documents assist in assessing:

- Financial standing of promoters.
- Business track record.
- Capacity to implement the proposed project.

Common Deficiencies:

- Incomplete ITRs.
- Missing annexures.
- Non-submission of audited balance sheets.
- Mismatch between financial statements and disclosures in Form F.

Q13. What deficiencies are commonly observed regarding registered office address?

Applicants should submit valid documentary proof of the registered/head office.

Common Deficiencies:

- Lease deed not submitted.
- Address mismatch across documents.
- Expired or incomplete address proof.

Q14. What additional document is required for units proposed in Private SEZs?

Applicants should submit a Provisional Offer of Space issued by the concerned Developer.

Common Deficiencies:

- Offer letter not enclosed.
- Space requirement differs from application.
- Space offered is inadequate for proposed operations.

Q15. How can applicants avoid delays in approval?

Before submission, applicants should ensure:

✓ All pages of Form F are signed.

✓ Project Report is detailed and realistic.

✓ Correct ITC(HS) Codes are provided.

✓ Production capacities are specified.

✓ Fund Flow Statement is supported by documentary evidence.

✓ Foreign exchange projections are internally consistent.

✓ Corporate and financial documents are complete.

✓ Physical application and online application contain identical information.

✓ Any clarification sought by the Office of Development Commissioner is replied to promptly.

A complete and well-supported application significantly reduces processing time and facilitates faster consideration by the Approval Committee.