

**NOIDA SPECIAL ECONOMIC ZONE**

(Deptt. of Commerce, Ministry of Commerce & Industry, Govt. of India)  
Noida-Dadri Road, Phase-II, Noida- 201305

**Minutes of 11<sup>th</sup> meeting (2013 Series) of Unit Approval Committee for Joint Monitoring of EOUs under the Chairmanship of Shri Jayant Misra, Development Commissioner, NSEZ held on 22.02.2013 at Jaipur**

11<sup>th</sup> meeting (2013 Series) of Unit Approval Committee (UAC) for joint monitoring of EOUs falling under jurisdiction of **Central Excise Commissionerate Jaipur-II** held on 22.02.2013 under the Chairmanship of Shri Jayant Misra, Development Commissioner, Noida SEZ in the Central Excise Commissionerate office, Jaipur in terms of Appendix 14-I-G of Hand Book of Procedure, Vol II 2009-14. List of officers participated in the meeting is enclosed at Annexure-I.

The Chairman welcomed participants of the UAC and briefed that joint review of EOUs has already been done by officials of NSEZ and Central Excise Division Udaipur at Udaipur. The UAC considering the observations and compliance thereof by the Central Excise, taken up joint monitoring of each unit as below:

**11 (13): Joint monitoring of EOUs falling under jurisdiction of Central Excise Commissionerate, Jaipur-II**

1. **M/s. Abhishek Exports:** The Committee reviewed performance of the unit. It is noted that the unit is not in operation from last two years and have not submitted APR/QPR from 2010-11 onwards.

The Committee, therefore, directed jurisdictional Central Excise authorities to send a report on status of the unit alongwith past performance consisting of import, export, DTA procurement, waste/rejects generation and its accountal etc. Based on the said report further action under FTDR Act would be considered.

2. **M/s. Divine Stones:** The Committee noted that LOP was issued to the unit on 05.03.2012 and bonding license issued by Central Excise on 24.05.2012. It is informed that unit has already started production and made export.

The Committee, therefore, directed to take account of the above facts and obtain the date of commencement of the production so that period for reckoning the NFE can be arrived at. Also, the unit may be directed to submit QPR/APR regularly alongwith the pending.

3. **M/s. Galaxy Exports:** The Committee reviewed performance of the unit. It is noted that the unit is not in operation from last one year.

The Committee, therefore, directed jurisdictional Central Excise authorities to send a report on status of the unit alongwith past performance consisting of import, export, DTA procurement, waste/rejects generation and its accountal etc. Based on the report further action under FTDR Act would be considered.

**4. M/s. Harmony Plastic (P) Ltd.:** The Committee reviewed performance of the unit and noted that the unit has done substantial DTA sale. The prior intimations of DTA sale submitted by the unit need to be re-conciled after obtaining details from the unit to examine its eligibility and compliance of provisions under FTP.

**5. M/s. Hussain Exports:** The Committee noted that status of the unit is not known. LOP was issued to the unit on 27.03.2000. Central Excise informed that the unit had applied for debonding w.e.f. 1.4.2011 and to remain as SSI for DTA sale. The Committee, however, noted that no such debonding has been accorded by the Development Commissioner.

The Committee, therefore, directed jurisdictional Central Excise authorities to send a detailed report on export, import and duty free procurements etc. and provide all correspondences relating to debonding. Further, Range officer of the unit may discuss the matter alongwith the file of the unit with NSEZ authorities, so that concerted action can be considered to safe-guard the revenue.

**6. M/s. Inani Marble & Granites:** The Committee reviewed performance of the unit. It is noted that the unit is in manufacture of "Marble/Granite tiles", but no wastage has been accounted for. It was emphasized that where no SION have been notified, generation of waste is allowed only up to 2% of input quantity in terms of para 6.6(e) of Handbook of Procedure (HBP) and similar corresponding provisions in Custom & Central Excise notifications No. 52/2003 & 22/2003 dated 31.03.2003. The unit has neither got its wastage norm fixed beyond 2%, nor has accounted the wastage. Any high wastage/rejects are not only matter of the concern of revenue, but also affects foreign exchange, if not accounted for or approved.

It was further clarified that EOUs are liable to pay customs duties on the DTA clearances of goods as if they are imported goods. Further, if goods including waste/rejects are non-excisable or attract no customs duties, then duty foregone of the inputs consumed in manufacture of such goods need to be paid.

Furthermore, the marble, in any form, is not allowed clearance domestically under FTP.

Taking into account the above, the Committee directed that the jurisdictional Central Excise may examine the matter and send a detailed report.

**7. M/s. Indian Arts & Crafts:** The Committee noted that the status of the unit is not known. LOP was issued to the unit on 23.03.2000 and unit started production from 31.03.2000. The unit has, however, not followed exit formalities from EOU scheme.

The Committee, therefore, directed jurisdictional Central Excise authorities to inform status of the unit alongwith details of exports, imports and duty free procurements etc. Further, Range officer of the unit was asked to discuss the matter

alongwith the file of the unit with NSEZ authorities, so that concerted action can be considered to safe-guard the revenue and under FTDR Act. Also, the Committee advised to examine whether benefit has been availed under any other scheme during the validity of the LOP.

- 8. M/s. Jain Grani Marmo (P) Ltd.:** The Committee reviewed performance of the unit and found it satisfactory. It is noted that a Writ-Petition filed by the unit against the prohibition of marble DTA sale under para 6.9 (b) of the FTP is under consideration of the Hon'ble High Court of Rajasthan (Jodhpur).

- 9. M/s. Karnawat Interantional:** The Committee reviewed performance of the unit. It was noted that the unit is in manufacture of "Granite, Marble & other Stone items", but no wastage has been accounted for. It was emphasized that where no SION have been notified, generation of wasted is allowed only up to 2% of inputs quantity. Any higher wastage/rejects are not only a matter of concern of revenue, but also affects foreign exchange, if not accounted for or approved.

The Committee, therefore, directed that jurisdictional Central Excise authorities may examine matter thoroughly and send a report on the aspect of wastage vis-à-vis SION of such goods keeping in view the legal position for EOUs in respect of leviability of customs duties and prohibition under FTP.

It was also noted that APR for the year 2011-12 and QPR for the year 2012-13 are yet to be received. The Committee desired that the unit be directed to submit QPR/APR which are due, failing which action under FTDR Act may be initiated.

- 10. M/s. Kumar Arch Tech Pvt Ltd:** The Committee reviewed performance of the unit and found it satisfactory. The Committee desired a report on DTA sale undertaken by the unit vis-a-vis permissions granted by the Development Commissioner.

- 11. M/s. Pacific Industries Ltd.:** The Committee reviewed performance of the unit. It was noted that the unit is in manufacture of "Granite, Marble & other Stone items" but no wastage has been accounted for. It was emphasized that where no SION have been notified, generation of waste allowed is only up to 2% of input quantity. Any higher wastage/rejects are not only a matter of concern of revenue, but also affects foreign exchange, if not accounted for or approved.

The Committee, therefore, directed that jurisdictional Central Excise authorities to examine the matter thoroughly and send a report on the aspect of wastage vis-à-vis SION of such goods, keeping in view the legal position for EOUs in respect of leviability of customs duties and prohibition of DTA sale of marble under FTP.

With regard to consumption of the Steel Grits and Gang saw Blade beyond the SION rejected by the Norms Committee in DGFT, the Central Excise provided copy of the SCN dated 24.01.2013 issued by them to the unit. The Committee desired a copy of the OIO on its issue.

The Committee noted pending foreign exchange and directed the unit to submit shipping bill wise details of export shipments, which are pending realization as on date. The Committee clarified that export incentives availed against the unrealized export shipments beyond specified period are required to be paid. Therefore, the jurisdictional Central Excise authority may also examine the above aspects.

**12. M/s. Parth Natural Stones Private Limited:** The Committee reviewed performance of the unit. It is noted that the unit is in manufacture of "Granite, Marble & other Stone items" but no wastage has been accounted for. It was emphasized that where no SION have been notified, generation of waste allowed is only up to 2% of input quantity. Any high wastage/rejects are not only a matter of concern of revenue, but also affects foreign exchange, if not accounted for or approved.

The Committee, therefore, directed that jurisdictional Central Excise authorities may examine matter thoroughly and send a report on the aspect of wastage vis-à-vis SION of such goods, keeping in view the legal position for EOUs in respect of leviability of customs duties and prohibition under FTP.

It was also noted that APR for the year 2011-12 and QPR for the year 2012-13 are yet to be received. The Committee desired that the unit be directed to submit QPR/APR which are due, failing which action under FTDR Act may be initiated.

**13. M/s. Pelican Grani Marmo (P) Ltd.:** The Committee reviewed performance of the unit. It is noted that the unit is in manufacture of "Granite, Marble & other Stone items" but no wastage has been accounted for. It was emphasized that where no SION have been notified, generation of waste allowed is only up to 2% of input quantity. Any higher wastage/rejects are not only a matter of concern of revenue, but also affects foreign exchange, if not accounted for or approved.

The Committee further noted substantial deemed export under para 6.9 (b) of the FTP and under other provisions too done by the unit. No permission for such deemed export, specifically under para 6.9 (b) appears to have been obtained from the Development Commissioner. Nature of deemed exports done under other provisions require examination.

The Committee, therefore, directed that jurisdictional Central Excise authorities may examine the matter thoroughly and send a report on the aspect of wastage vis-à-vis SION of such goods, keeping in view the legal position for EOUs in respect of leviability of customs duties and prohibition under FTP., as well as on the nature of the deemed export.

**14. M/s. Perival Exports:** The Committee reviewed performance of the unit. The Committee desired that the unit may be directed to submit QPR/APR regularly alongwith the pending, failing which action under FTDR Act may be initiated.

**15. M/s. Pooja Granites and Marbles Ltd:** It is noted that status of the unit is not known. The unit started production in 1992 and obtained "in-principle" permission for exit from EOU scheme on 01.01.1996. "No-dues" certificate from Central Excise has not yet been received. A penalty of Rs. 2 lakhs has been imposed by the Development Commissioner for non-achievement of export-obligation by the unit.

The Central Excise informed that duty amounting to Rs 71.17 lakhs, besides interest thereon is pending recovery from the unit. Therefore, NOC cannot be issued to the unit, which is closed. The Committee directed that copy of OIO may be sent to NSEZ.

The Committee, therefore, directed to examine the status in view of the above.

**16. M/s. Raj Polymers & Chemicals:** The Committee reviewed performance of the unit. It was informed that Development Commissioner had issued a SCN for irregular DTA sale.

The Committee further noted that the unit had paid Income Tax in the year during the period of exemption from Income tax to the EOU. The Committee desired that reasons for payment of income tax be examined.

**17. M/s. Rishabh Green Marble Pvt. Ltd.:** The Committee reviewed performance of the unit. It was noted that the unit is in manufacture of "Granite, Marble & other Stone items" but no wastage has been accounted for. It was emphasized that where no SION have been notified, generation of waste allowed is only up to 2% of input quantity. Any higher wastage/rejects are not only a matter of concern of revenue, but also affects foreign exchange, if not accounted for or approved.

The Committee further noted substantial deemed export in the year 2010-11 and 2012-13 done by unit. Nature of deemed exports require examination.

The Committee, therefore, directed that jurisdictional Central Excise authorities may examine matter thoroughly and send a report on the aspect of wastage vis-à-vis SION of such goods, keeping in view the legal position for EOUs in respect of leviability of customs duties and prohibition under FTP., as well as on the nature of the deemed export.

The Committee desired that the unit may be directed to submit QPR/APR regularly alongwith the pending, failing which action under FTDR Act may be initiated.

**18. M/s. Shree Ram Granites:** The Committee reviewed performance of the unit. It is noted that the unit is in manufacture of "Granite, Marble & other Stone items" but no wastage has been accounted for. It was empathized that where no SION have been notified, generation of wasted is allowed only up to 2% of input quantity. Any high wastage/rejects not only matter of the concern of revenue, but also affects foreign exchange, if not accounted or approved.

The Committee, therefore, directed that jurisdictional Central Excise authorities may examine the matter thoroughly and send a report on the aspect of wastage vis-à-vis SION of such goods, keeping in view the legal position for EOUs in respect of leviability of customs duties and prohibition under FTP.

The Committee noted pending foreign exchange and directed the unit to submit shipping bill wise details of export shipments, which are pending realization as on date. The Committee clarified that export incentives against the unrealized export shipments beyond specified period are required to be paid. Therefore, the jurisdictional Central Excise authority may also examine the above aspects.

**19. M/s. Shayona Charitable trust:** The Committee noted that LOP to the unit issued on 11.08.2011. The Central Excise informed that unit has not obtained Customs bonding. The Committee directed to ascertain from the unit about status of its implementation and take action accordingly.

**20. M/s. Stone On Net (India) Pvt. Ltd.:** The Committee reviewed performance of the unit. It is noted that the unit is in manufacture of "Granite, Marble & other Stone items" but no wastage has been accounted for. It was empathized that where no SION have been notified, generation of wasted is allowed only up to 2% of input quantity. Any high wastage/rejects not only matter of the concern of revenue, but also affects foreign exchange, if not accounted or approved.

The Committee, therefore, directed that jurisdictional Central Excise authorities may examine the matter thoroughly and send a report on the aspect of wastage vis-à-vis SION of such goods, keeping in view the legal position for EOUs in respect of leviability of customs duties and prohibition under the FTP.

The Committee noted pending foreign exchange and directed the unit to submit shipping bill wise details of export shipments, which are pending realization as on date. The Committee clarified that export incentives against the unrealized export shipments beyond specified period are required to be paid. Therefore, the jurisdictional Central Excise authority may also examine the above aspects.

The Committee desired that the unit may be directed to submit QPR/APR regularly alongwith the pending, failing which action under FTDR Act may be initiated.

**21. M/s. Sun Art Exporters:** The Committee reviewed performance of the unit and found it satisfactory.

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**22. M/s. Sun Optical Mastering P. Ltd:** The Committee noted that the unit has started production w.e.f 03.03.2011. The performance of the unit may be watched and reviewed regularly.

**23. M/s. United natural Stones:** The Committee reviewed performance of the unit. It is noted that the unit is in manufacture of "Granite, Marble & other Stone items" but no wastage has been accounted for. It was emphasized that where no SION have been notified, generation of waste allowed is only up to 2% of input quantity. Any higher wastage/rejects are not only a matter of concern of revenue, but also affects foreign exchange, if not accounted for or approved.

The Committee, therefore, directed that jurisdictional Central Excise authorities may examine matter thoroughly and send a report on the aspect of wastage vis-à-vis SION of such goods, keeping in view the legal position for EOUs in respect of leviability of customs duties and prohibition under the FTP.

**24. M/s. Vraj Tractors Industries:** The Committee noted that "Final-debonding" of the unit is under consideration.

## **Proposal: Rationalization of report/returns filed by EOUs**

### **Recommendation to DoC**

The Committee further observed that many issues emerged due to lack of coordination and multiplicity of the report/return submitted by the unit to different authorities. It is felt that these issues can be avoided if a common report/return is devised and submitted periodically to all concerned authorities. This would preclude mismatch of data and chances of misrepresentation. Further, same report and performance of unit would be available to the revenue and the commerce. It would increase coordination between the two departments and lessen burden of EOUs on maintaining multiple records and returns.

Further, this report/return may be sent on line through a dedicated "EOU-online" link, similar to SEZ online. This would further reduce transaction cost and increase facilitation. The scope of EOU online can be further widened to include modules enabling submitting of various applications like DTA sale permission, debonding of goods, inclusion of inputs/capital goods seeking exemption, broad banding of LOP, etc.

The Committee, therefore, felt that a proposal may be sent to the DOC to devise a common return/report in association with revenue department and to consider "EOU online" as a major trade facilitation measure.

*Encl: annexure- I*

**(Development Commissioner)**

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**Annexure- I**

**List of Participants**

1. Shri Jayant Misra, Development Commissioner , NSEZ .....Chairman
2. Shri O.P. Dadhich , Commissioner of Central Excise Jaipur-I
3. Shri Ringzing D. Negi, Commissioner of Central Excise, Jaipur-II
4. Shri Amar Singh, Additional Commissioner of Central Excise, Jaipur-II
5. Shri Prem Pal Singh, Additional Commissioner of Central Excise, Jaipur-II
6. Shri Rakesh Agarwal, Asstt. Development Commissioner, NSEZ, Noida