

S. No.	Rule	Existing Provision	Revised Provision	MOON SEZ Remark
1	Rule 2, sub-rule (1), Clause (k) and Clause (l)	Clause (k): "Duty Entitlement Pass Book Scheme" means the Duty Exemption Pass Book Scheme framed under the Foreign Trade Policy; Clause (l): "Duty Free Replenishment Certificate" means Duty Free Replenishment Certificate issued under the Foreign Trade Policy;	Omitted	As this scheme was discontinued long back, hence to align SEZ Rules with FTP amendment in SEZ Rules is made
2	Rule 3 - Proposal for setting up of Special Economic Zone	Every proposal under sub-sections (2) to (4) of section 3 shall be made in Form 'A' and be submitted to the concerned Development Commissioner as specified in Annexure-III, who, within a period of fifteen days, shall forward it to the Board with his inspection report, State Government's recommendation and other details specified under rule 7. Every proposal under subsections (2) to (4) of section 3 shall be made in Form-A.	Every proposal under sub-sections (2) to (4) of section 3 shall be made in Form 'A' and be submitted to the concerned Development Commissioner as specified in Annexure-III, who, within a period of fifteen days, shall forward it to the Board with his inspection report, State Government's recommendation, recommendation for National Security Clearance as per guidelines issued by the Ministry of Home Affairs and other details specified under rule 7. Every proposal under subsections (2) to (4) of section 3 shall be made in Form-A.	With this amendment, now for every proposal of setting up SEZ will require National Security clearance as per MHA guidelines. However as stated the proposal will be sent by concerned DC office to MHA for clearance. Getting MHA clearance will lead to delay in obtaining approval for SEZ and in those cases where MHA clearance is not required then also it will be required to be obtained
3	Rule 4 - Forwarding of proposal to Board	The State Government shall forward the proposals received under sub-sections (2) and (4) of section 3 to the Board of Approval (Deputy Secretary, Ministry of Commerce and Industry, Department of Commerce, Udyog Bhavan, New Delhi-110011) alongwith its recommendations, within forty-five days of receipt of such proposal.	The State Government shall forward the proposals received under sub-sections (2) and (4) of section 3 to the Board of Approval (Deputy Secretary, Ministry of Commerce and Industry, Department of Commerce, Udyog Bhavan, New Delhi-110011) through the Jurisdictional Development Commissioner alongwith its recommendations, within forty-five days of receipt of such proposal:	With this, now recommendation of State Government for setting up of New SEZ cannot be sent directly to MOC&I. The same needs to be mandatorily routed through concerned Jurisdictional Development Commissioner.
4	Rule 5, Sub-rule (2), Clause (b), Sub-Clause (ii)	There shall be no minimum area requirement for setting up a Special Economic Zone for Information Technology or Information Technology Enabled Services, but a minimum built up processing area requirement shall be applicable, based on the category of cities, as follows:	There shall be no minimum area requirement for setting up a Special Economic Zone for Information Technology or Information Technology Enabled Services, Bio-technology and Health Sector (excluding hospitals) , but a minimum built up processing area requirement shall be applicable, based on the category of cities, as follows:	This is a good move to reduce minimum land requirement for Botechnology sector, earlier it was minimum of 10 Hectares with minimum built up area of Forty Thousand Square Meters. With this change even Biotech SEZ can be established without any minimum land requirement and only built up area requirement would be applicable as per said rule
	Rule 5, Sub-rule (5), Clause (a)	Requirements for establishment of a Special Economic Zone - exemption from the State and local taxes, levies and duties, including stamp duty, and taxes levied by local bodies on goods required for authorized operations by a Unit or Developer, and the goods sold by a Unit in the Domestic Tariff Area except the goods procured from domestic tariff area and sold as it is	Requirements for establishment of a Special Economic Zone - exemption from the State and local taxes, State Goods and Services Tax , levies and duties, including stamp duty, and taxes levied by local bodies on goods required for authorized operations by a Unit or Developer, and the goods sold by a Unit in the Domestic Tariff Area except the goods procured from domestic tariff area and sold as it is	Said rule is amended to align with GST provisions
5	Rule 11, Sub-rule (2)	Processing and non-processing area - (2) The processing area and Free Trade and Warehousing Zone shall have specified entry and exit points and be fully secured by taking such measures as approved by the Board of Approval. Provided that in case of a Special Economic Zone for information technology or information technology enabled services or electronic hardware or biotechnology, the Development Commissioner shall approve such measures and inform the Board accordingly.	Processing and non-processing area - (2) The processing area and Free Trade and Warehousing Zone shall have specified entry and exit points and be fully secured by taking such measures as approved by the Board of Approval. Provided that in case of a Special Economic Zone for information technology or information technology enabled services or electronic hardware or biotechnology, the Development Commissioner shall approve such measures and inform the Approval Committee accordingly.	As per existing practise this was followed in practise as per the directives of MOC, however now it has been formally incorporated in the rules. Therefore all demarcation related issues for IT/ITES-SEZ shall be taken care by DC only. This will expedite clearances.
	Rule 11, Sub-rule (9)	No Sub-Rule 9A earlier	Sub-Rule (9A): The Developer shall ensure sufficient and adequate space, as per the applicable Central Public Works Department norms, for the Office of Development Commissioner and Customs Officers posted in the Special Economic Zone."	Though this was not there in rules earlier, however it used to be followed in practise. Now with this amendment, it will be mandatory for all developers to provide adequate space. This applies to all developers including IT/ITES SEZ.
6	Rule 11A, Clause (1)	Bifurcation of non-processing area- Clause (1) Where the social or commercial infrastructure and other facilities are permitted to be used by both the Special Economic Zone and Domestic Tariff Area entities: No exemptions, concessions or drawback shall be admissible for creation of such infrastructure. The Customs duty, Central Excise duty, Service Tax, and such other Central levies.....	Bifurcation of non-processing area- Clause (1) Where the social or commercial infrastructure and other facilities are permitted to be used by both the Special Economic Zone and Domestic Tariff Area entities: No exemptions, concessions or drawback shall be admissible for creation of such infrastructure. The Customs duty, Central Excise duty, Central Goods and Services Tax, Integrated Goods and Services Tax and State Goods and Services Tax , and such other Central levies.....	Said rule is amended to align with GST provisions
	Rule 11A, Clause (1), Sub-Clause (b)	Sub-Clause (b) - if any exemption or refund has been taken from State or local taxes like stamp duty, change of land uses, etc., the same shall be refunded back to State Government or local authorities and a certificate to this effect shall be produced from the concerned authorities	Sub-Clause (b) - if any exemption or refund has been taken from State or local taxes like stamp duty, State Goods and Services Tax , change of land uses, etc., the same shall be refunded back to State Government or local authorities and a certificate to this effect shall be produced from the concerned authorities	Said rule is amended to align with GST provisions. However the mechanism for refund of State Goods and Service Tax is not defined anywhere, which will lead to challenges.

7	Rule 12, Sub-Rule (6)	Import and procurement of goods by the Developer - Sub Rule (6)- The Developer shall maintain a proper account of the import or procurement, consumption and utilization of goods and submit quarterly and half-yearly returns to the Development Commissioner in Form E for placing the same before the Approval Committee for consideration.	Import and procurement of goods by the Developer - Sub Rule (6) The Developer shall maintain a proper account of the import or procurement, consumption and utilization of goods and services and submit quarterly and half-yearly returns to the Development Commissioner in Form E for placing the same before the Approval Committee for consideration.	Until now utilization of service was not required to be reported through QPR and HPR and under service tax regime there was only one report i.e. Form A3 which was to be submitted quarterly indicating the amount of exemption availed. However, if utilization of goods and services both to be reported in QPR and HPR in form E by developer then requisite amendments are required in form E, since it was designed for goods consumption only and in service there cannot be any closing balance. This will pose challenges to developers in reporting.
	Rule 12, Sub-Rule (7)	Sub Rule (7) The Developer shall submit a half-yearly certificate for the period ending 31st March and 30th September of every financial year regarding utilization of goods from an Independent Chartered Engineer, other than the one who has given a certificate for the purpose of sub-rule (2), to Development Commissioner and Specified Officer and every certificate under this sub-rule shall be filed within thirty days of the period specified, as the case may be.	Sub Rule (7) The Developer shall submit a half-yearly certificate for the period ending 31st March and 30th September of every financial year regarding utilization of goods and services from an Independent Chartered Engineer or Independent Chartered Accountant or Cost Accountant as the case may be , other than the one who has given a certificate for the purpose of sub-rule (2), to Development Commissioner and Specified Officer and every certificate under this sub-rule shall be filed within thirty days of the period specified, as the case may be.	This would be quite challenging to produce a certificate from Cost accountant for utilization of services for every half year and it becomes difficult to prove actual utilization of services as this is an intangible thing. This will also lead to extra cost burden on all Developers and Co-developers
8	Rule 17, Sub-Rule (1)	Proposal for approval of Unit - (1) A consolidated application seeking permission for setting up of a Unit and other clearances, including those indicated below, shall be made to the Development Commissioner, in Form F, in five copies, with a copy to the Developer	Proposal for approval of Unit - (1) A consolidated application seeking permission for setting up of a Unit and other clearances, including those indicated below, shall be made to the Development Commissioner, in Form F, with a copy to the Developer	Now the erstwhile rule of 5 copies is removed and therefore 5 copies of application is not required
	Rule 17, Sub-Rule (1), Clause (k)	Clause (k) Sales tax registration;	the following clause shall be substituted, "(k) Goods and Services Tax registration certificate;"	Said rule is amended to align with GST provisions
	Rule 18, Sub-Rule (2), Clause (i)	Consideration of proposals for setting up of Unit in a Special Economic Zone- (2) The Approval Committee shall approve the proposal if it fulfills the following requirements, namely:- Clause (i) the proposal meets with the positive net foreign exchange earning requirement as provided in rule 53;	Consideration of proposals for setting up of Unit in a Special Economic Zone- (2) The Approval Committee shall approve the proposal if it fulfills the following requirements, namely:- Clause (i) the proposal meets with the positive net foreign exchange earning requirement value addition earning requirement, as the case may be, as provided in rule 53;	This will be applicable in case of Gems and Jewellery or some other industries also. This will be an additional requirement other than NFE requirement.
	Rule 18, Sub-Rule (3), Clause (a)	(3) The proposal shall also fulfill the following sector specific requirements, namely:- Clause (a) export of high-grade iron ore, that is sixty-four per cent. Fe and above, except iron ore of Goa origin and Redi origin, which would be subject to approval of Board;	"(a) export of the goods from Special Economic Zones shall be subject to export policy in force, as provided in Schedule 2 to the Indian Trade Classification (Harmonised System) of Export and Import Items, 2017	This will lead to various other products falling into restriction or prohibited category and therefore it may not be allowed in line with Export Policy
	Rule 18, Sub-Rule (3), Clause (b)	Clause (b) no sub-contracting or job work of polyester yarn shall be permitted in Domestic Tariff Area or in Export Oriented Unit or Units in other Special Economic Zone: Provided that this restriction shall not apply to the Units which intend to send the fabric, made by them out of polyester or texturised yarn, for subcontracting but the third party exports shall not be permitted.	"(b) for Gems and Jewellery, the minimum Value Addition earning requirement shall be as specified in the prevailing Foreign Trade Policy or Handbook of Procedures, as amended from time to time	For Gems and Jewellery they will have to observe additional value addition requirement as per FTP

9	Rule 18, Sub-Rule (4)	No Sub-Rule 4A and 4B earlier	<p>"(4A) for existing plastic or used clothing Units in Special Economic Zones:-</p> <p>(a) Broad banding and splitting of license for setting up of sub-Units shall not be allowed and all transactions of a Unit shall be regulated through a single bank account;</p> <p>(b) no third party exports shall be allowed by any such Unit;</p> <p>(c) all such Units shall set up facilities to make products out of used clothing or plastic waste;</p> <p>(d) 100 per cent. inspection of the consignment of used clothing sale to Domestic Tariff Area shall be under taken.</p> <p>(4B) Procedure to be followed for verification of documents prior to clearing the consignment in Special Economic Zone :-</p> <p>(a) Each consignment of used clothing imported by the Unit shall be accompanied with certificate from exporter or agency in which it was generated regarding disinfection and fumigation of the containers from an agency licensed in the country of origin of worn clothing along with import documents;</p> <p>(b) in case of mis-declaration by any importer in regard to any toxic or hazardous substances, action as per the relevant provisions of the Foreign Trade (Development and Regulation) Act, 1992 (22 of 1992) shall be taken against such importer;</p> <p>(c) to ensure that used clothing re-processing Units in Special Economic Zones fulfil their export obligations in addition to meeting their Net Foreign Exchange obligation and all such Units shall be required to ensure that certain minimum percentage of the Units annual turnover is physically exported out of the country;</p> <p>(d) before the clearance of used clothes to Domestic Tariff Area, all imported consignments of such used clothes shall be subject to 100 per cent. scrutiny at the premises of the Unit by Special Economic Zone authorities."</p>	With this amendment, guidelines have been laid down for existing units, this will streamline process for existing units. However clearance procedure has been made quite strict for such units.
	Rule 19, Sub-Rule (2)	<p>Letter of Approval to a Unit- (2) The Letter of Approval shall specify the items of manufacture or particulars of service activity, including trading or warehousing, projected annual export and Net Foreign Exchange Earning for the first five years of operations, limitations, if any on Domestic Tariff Area sale of finished goods, by-products and rejects and other terms and conditions, if any, stipulated by the Board or Approval Committee:</p> <p>Provided that the Approval Committee may also approve proposals for broad-banding, diversification, enhancement of capacity of production, change in the items of manufacture or service activity, if it meets the requirements of rule 18:</p> <p>Provided that no such approval shall be granted by the Approval Committee in those cases which fall within the competence of the Board of Approval.</p> <p>Provided also that, subject to the Provisions of Rule 74A, the approval committee may also approve change of the entrepreneur of an approved unit, if the incoming entrepreneur undertakes to take over the assets and liabilities of the existing Unit.</p>	<p>Letter of Approval to a Unit-</p> <p>(2) The Letter of Approval shall specify the items of manufacture along with the corresponding Indian Trade Classification (Harmonised System) of Export and Import Items, 2017 or particulars of service activity, including trading or warehousing, projected annual export and Net Foreign Exchange Earning for the first five years of operations, limitations, if any on Domestic Tariff Area sale of finished goods, by-products and rejects and other terms and conditions, if any, stipulated by the Board or Approval Committee:</p> <p>Provided that the Approval Committee may also approve proposals for broad-banding, diversification, enhancement of capacity of production, change in the items of manufacture or service activity, if it meets the requirements of rule 18:</p> <p>Provided that no such approval shall be granted by the Approval Committee in those cases which fall within the competence of the Board of Approval.</p> <p>Provided also that, subject to the Provisions of Rule 74A, the approval committee may also approve change of the entrepreneur of an approved unit, if the incoming entrepreneur undertakes to take over the assets and liabilities of the existing Unit.</p> <p>"Provided also that the Approval Committee may also approve proposals for merger of Letters of Approval of two or more Units of the same company or firm subject to the condition that these Units fall within the same Special Economic Zone and after merger, block period for calculation of Net Foreign Exchange shall be from the date of commencement of production of the Unit which commenced operation first and the Income tax exemption period shall be considered from the date of start of operation of the first Unit."</p>	<p>Though this was followed in practise in most of the SEZs across India. Now it has been made mandatory to indicate HSN code on all LOA issuance by DC Office.</p> <p>Until now there were no clause for merger of LOA of two units, now proper provision has been created for merger of LOA. However when such merger will be done it will be from the date of commencement of production of the unit which commenced operations first and accordingly Income tax exemption shall also be from such date.</p>

10	Rule 19, Sub-Rule (6)	No Sub-Rule 6A and 6B earlier	<p>Sub-Rule (6A) (1) The Units which intend to renew the validity of Letter of Approval shall submit, before two months from the date of expiry of the Letter of Approval, the completed application in form F1 along with requisite document, to the Development Commissioner, duly signed by the proprietor or managing partner or if it is a company, by the Managing Director or the Director(s) or any person who has or have been duly authorised for this purpose by a resolution of the Board of Approval of Directors of the Company: Provided that in case an application is not submitted before the said period of two months, such application shall be placed before the Approval Committee and the said Committee, if it is satisfied that there was sufficient cause for not filling the same before the said period, may direct for entertainment of such application. (2) in case of non-compliance of the procedures specified in clause (1), the Letter of Approval shall not be considered for renewal. (3) the Development Commissioner may renew the Letter of Approval for a period of five years or for a shorter period, in form F 2, based on the evaluation of the Unit as per sub-rule (6B)</p> <p>Sub Rule (6B): The renewal of Letter of Approval shall be based on the evaluation of the following criteria, namely:- (i) Export performance of the Unit in the last block vis-a-vis the initial export projection submitted by the Unit. (ii) Projected employment with reference to actual employment generated. (iii) Instance of violation of applicable statutes related to the functioning of the Unit. (iv) Cases of default, if any, of statutory payments. (v) Undertaking of any activity not sanctioned or approved by the Development Commissioner. (vi) The decision of the Development Commissioner or Approval Committee in this regard shall be final and binding on the Unit except in cases where the Unit prefers an appeal before the Board of Approval, in accordance with rule 55.”.</p>	<p>Until now there were no time limit for apply for renewal of LOA. However now units will have to apply atleast 2 months in advance before the date of expiry of LOA. If such application is not made 2 months in advance, then it will be first taken into UAC meeting and upon satisfaction of UAC that there were sufficient reason for not applying in time, then only it can be entertained by DC on file, failing which it will not be considered as renewed.</p> <p>Further, now LOA can also be renewed for shorter period. This will be helpful in cases where Units are not able to achieve positive NFE during first block or failed to fulfil any other SEZ conditions.</p> <p>New forms have been introduced i.e. for application it will be form F1 and for approval letter for renewal it will be form F2</p>
11	Chapter IV	CHAPTER IV heading: TERMS AND CONDITIONS SUBJECT TO WHICH ENTREPRENEUR AND DEVELOPER SHALL BE ENTITLED TO EXEMPTIONS, DRAWBACKS AND CONCESSIONS	the following Chapter heading shall be substituted, namely:- “TERMS AND CONDITIONS FOR GRANT OF PERMISSION TO OPERATE INCLUDING AVAILING EXEMPTIONS, DRAWBACKS AND CONCESSIONS”.	Now the heading is more appropriate and permission to operate word has been emphasized
12	Rule 22 - Terms and conditions for availing exemptions, drawbacks and concessions to every Developer and entrepreneur for authorized operations -	<p>Sub Rule (1) - Grant of exemption, drawbacks and concession to the entrepreneur or Developer shall be subject to the following conditions, namely:-</p> <p>Sub Rule (1), Clause (ii) - the Developer and Co-developer shall execute the Bond-cum- Legal Undertaking in Form D with regard to their obligations regarding proper utilization and accountal of goods, including goods procured or imported by a contractor duly authorized by the Developer or Co-developer, as the case may be;</p> <p>Sub Rule (1), Clause (iv) - The procedure for execution of Bond-cum-Legal Undertaking shall be as under:- Sub Clause (b)- the value of the Bond-cum-Legal Undertaking shall be equal to the amount of effective duties leviable on import or procurement from the Domestic Tariff Area of the projected requirement of capital goods, raw materials, spares, consumables, intermediates, components, parts, packing materials for three months as applicable but which will not be levied on account of admission of such goods into the Unit or the amount of effective duties leviable on import or procurement from Domestic Tariff Area of the projected requirements of goods for the authorized operation by the Developer but will not be levied on account of admission of such goods into the Special Economic Zone;</p>	<p>Sub Rule (1) - Grant of permission to operate including availing exemption, drawbacks and concession to the entrepreneur or Developer shall be subject to the following conditions, namely:-</p> <p>Sub Rule (1), Clause (ii) - the Developer and Co-developer shall execute the Bond-cum-Legal Undertaking in Form D with regard to their obligations regarding proper utilization and accountal of goods, including goods procured or imported by a contractor, including the sub-contractor, duly authorized by the Developer or Co-developer, as the case may be;</p> <p>Sub Rule (1), Clause (iv) - The procedure for execution of Bond-cum-Legal Undertaking shall be as under:- Sub Clause (b)- the value of the Bond-cum-Legal Undertaking shall be equal to the amount of effective duties leviable on Import or procurement of goods and services from the Domestic Tariff Area of the projected requirement of capital goods, raw materials, spares, consumables, intermediates, components, parts, packing materials and services for three months as applicable but which will not be levied on account of admission of such goods into the Unit or the amount of effective duties leviable on import or procurement of goods and services from Domestic Tariff Area of the projected requirements of goods for the authorized operation by the Developer but will not be levied on account of admission of such goods into the Special Economic Zone;</p>	<p>With this amendment, we are of the view that exemption from GST and Custom duties may not be available to Contractors and sub-contractors due to very inherent nature of GST law that only direct suppliers supplying to SEZ entities shall be eligible for supplying under Zero Rated Mechanism. However inclusion of word sub-contractor in Rule 22 is in alignment with overall spirit of the SEZ Act and Rules, wherein Developers/Co-developers are accountable for material procured by such contractors and sub-contractors as well.</p> <p>Now Bond will be require to be executed even considering services value, earlier it used to be for duties applicable on goods propose to be procured from Imported or Indigenous sources. The challenge would be in estimation of input services projections for a period of 1 to 5 years and tracking the same.</p> <p>However, as of now SEZ online system is not tuned to accept bond value on account of Services procurement. This needs to be taken up immediately with concerned authorities.</p>

		<p>Sub Rule (1), Clause (iv) - The procedure for execution of Bond-cum-Legal Undertaking shall be as under:- Sub Clause (c) - where the value of Bond-cum-Legal Undertaking executed falls short on account of requirement of additional goods, the Unit or the Developer shall submit additional Bond-cum-Legal Undertaking</p>	<p>Sub Rule (1), Clause (iv) - The procedure for execution of Bond-cum-Legal Undertaking shall be as under:- Sub Clause (c) - where the value of Bond-cum-Legal Undertaking executed falls short on account of requirement of additional goods and services, the Unit or the Developer shall submit additional Bondcum- Legal Undertaking</p>	<p>Now even for additional services requirement over an above what is indicated in Bond and in case Bond value is falling short on account of such additional services, an additional bond is required to be executed by Units/Developers/Co-developers.</p> <p>Earlier this requirement was only for additional goods.</p>
		<p>Sub Rule (2) - Every Unit and Developer shall maintain proper accounts, financial yearwise, and such accounts which should clearly indicate in value terms the goods imported or procured from Domestic Tariff Area, consumption or utilization of goods, production of goods, including by-products, waste or scrap or remnants, disposal of goods manufactured or produced, by way of exports, sales or supplies in the domestic tariff area or transfer to Special Economic Zone or Export Oriented Unit or Electronic Hardware Technology Park or Software Technology Park Units or Bio-technology Park Unit, as the case may be, and balance in stock:</p>	<p>Sub Rule (2) - Every Unit and Developer shall maintain proper accounts, financial yearwise, either in register form in hard copy or time stamped digital form which should clearly indicate in value terms the goods imported or procured from Domestic Tariff Area, consumption or utilization of goods, production of goods, including by-products, waste or scrap or remnants, disposal of goods manufactured or produced, by way of exports, sales or supplies in the domestic tariff area or transfer to Special Economic Zone or Export Oriented Unit or Electronic Hardware Technology Park or Software Technology Park Units or Bio-technology Park Unit, as the case may be, and balance in stock:</p>	<p>Until now, though there were practise of maintaining records and registers either in physical form or in excel form in soft copy, however there were no official guidelines for the same.</p> <p>With this amendment, it is now official that SEZ entities needs to maintain records either in hard copy or in Digital form, but there is an additional condition of time stamped format. This will help in identifying the time and date of any transaction executed by SEZ entities.</p>
	Rule 24, Sub- Rule (1), Clause (a)	<p>The procedure for grant of drawback claims and Duty Entitlement Pass Book credit to a Developer or Unit shall be as under:-</p> <p>Clause (a): Drawback Claims : The triplicate copy of the assessed Bill of Export shall be treated as the drawback claim and processed in the Customs section of the Special Economic Zone and the Specified Officer shall be the disbursing authority for the said claims: Provided that the Specified Officer shall follow the Customs and Central Excise Duties Drawback Rules, 1995, circulars and instructions made in this regard to sanction of duty drawback claims and the interest on delayed payments.</p>	<p>The procedure for grant of drawback claims to a Developer or Unit shall be as under:-</p> <p>Clause (a): Drawback Claims : The triplicate copy of the assessed Bill of Export or a similar equivalent document as in case of export specified under Goods and Services Tax laws shall be treated as the drawback claim and processed in the Customs section of the Special Economic Zone and the Specified Officer shall be the disbursing authority for the said claims: Provided that the Specified Officer shall follow the Customs and Central Excise Duties Drawback Rules, 2017, as amended from time to time, circulars and instructions made in this regard to sanction of duty drawback claims and the interest on delayed payments.</p>	<p>This is amended to align with GST Laws.</p>
	Rule 24, Sub- Rule (1), Clause (b)	<p>Clause (b): Duty Entitlement Pass Book Credit : An application for grant of Duty Entitlement Pass Book credit for supplies from Domestic Tariff Area to a Unit or Developer may be made by the Domestic Tariff Area supplier or the Unit or Developer in the format prescribed under the Foreign Trade Policy.</p>	<p>Omitted</p>	<p>Since DEPB scheme was discontinued long back, hence it is amended to align with the same.</p>
13	Rule 24, Sub- Rule (2)	<p>A Unit or Developer shall file application for Duty Entitlement Pass Book claim with the Development Commissioner concerned or the Domestic Tariff Area supplier may claim the same from the concerned Licensing Authority of the Office of the Directorate General of Foreign Trade or the Development Commissioner concerned.</p>	<p>for sub-rule (2), the followings shall be substituted, namely:- “(2)Where a Bill of Export has been filed under a claim of drawback or any other similar scheme laid down under the Customs and Central Excise Duties Drawback Rules, 2017, as amended from time to time, the Unit or Developer shall claim the same from the Specified Officer and in case the Unit or Developer does not intend to claim such benefit, a disclaimer to this effect shall be given to the Domestic Tariff Area supplier for claiming such benefits: Provided that the aforesaid benefits may be claimed by Domestic Tariff Area supplier from their jurisdictional Goods and Services Tax or Central Excise Commissioner, as the case may be. (3)Drawback or any other similar benefit under the Customs and Central Excise Duties Drawback Rules, 2017, as amended from time to time, against supply of goods by Domestic Tariff Area supplier shall be admissible where payments for the supply are made from the Foreign Currency Account of the Unit: Provided that the reimbursement of duty in lieu of drawback or any other similar benefit scheme against supply of goods by Domestic Tariff Area supplier to Special Economic Zone developers shall be admissible even if payment is made in Indian Rupees and reimbursement of duty in lieu of drawback or any other similar benefit against supply of goods to Special Economic Zone developer shall be made as per the procedure specified by the Central Government under the Customs and Central Excise Duties Drawback Rules, 2017, as amended from time to time.”</p>	<p>Now Duty drawback claim can be filed by SEZ Units or developers to Specified officer and supplier can also claim the same through their jurisdictional GST commissionerate upon receipt of NOC from SEZ units or developers.</p> <p>Further, as per earlier amended FTP, Duty drawback or any other similar benefit shall be available only when SEZ unit is making from their Foreign Currency account.</p> <p>Whereas in case of supplies to Developers/Co-developers the same shall be available even if payment if made in Indian Currency. This is due to the reason that Developers/Co-developers are not subject to NFE guidelines.</p>

14	Rule 25	<p>Where an entrepreneur or Developer does not utilize the goods or services on which exemptions, drawbacks, cess and concessions have been availed for the authorized operations or unable to duly account for the same, the entrepreneur or the Developer, as the case may be, shall refund an amount equal to the benefits of exemptions, drawback, cess and concessions availed without prejudice to any other action under the relevant provisions of the Customs Act, 1962, the Customs Tariff Act, 1975, the Central Excise Act, 1944, the Central Excise Tariff Act, 1985, the Central Sales Tax Act, 1956, the Foreign Trade (Development and Regulation) Act, 1992 and the Finance Act, 1994 (in respect of service tax) and the enactments specified in the First Schedule to the Act, as the case may be:</p> <p>Provided that if there is a failure to achieve positive net foreign exchange earning, by a Unit, such entrepreneur shall be liable for penal action under the provisions of Foreign Trade (Development and Regulation) Act, 1992 and the rules made there under.</p>	<p>Where an entrepreneur or Developer does not utilize the goods or services on which exemptions, drawbacks, cess and concessions have been availed for the authorized operations or unable to duly account for the same, the entrepreneur or the Developer, as the case may be, shall refund an amount equal to the benefits of exemptions, drawback, cess and concessions availed without prejudice to any other action under the relevant provisions of the Customs Act, 1962, the Customs Tariff Act, 1975, the Central Excise Act, 1944, the Central Excise Tariff Act, 1985, the Central Goods and Services Tax Act, 2017 (12 of 2017), Integrated Goods and Services Tax Act, 2017 (13 of 2017), State Goods and Services Tax Acts, Union Territory Goods and Services Tax Act, 2017 (14 of 2017) and the Foreign Trade (Development and Regulation) Act, 1992 (22 of 1992) and the enactments specified in the First Schedule to the Act, as the case may be:</p> <p>Provided that if there is a failure to achieve positive net foreign exchange earning, by a Unit, or stipulated Value addition, such entrepreneur shall also be liable for penal action under the provisions of Foreign Trade (Development and Regulation) Act, 1992 and the rules made there under.</p>	Amendment made to align with GST laws. Further value addition criteria is also incorporated now, which were not available earlier. However mechanism for value addition will require to be specified.
15	Rule 26 General Conditions of Import and Export	<p>26. General Conditions of Import and Export.— A Unit may export goods and services, including agro products, partly processed goods, subassemblies, components, by-products, rejects, waste or scrap except prohibited items of exports indicated in the Import Trade Control (Harmonized System) Classifications of Export and Import Items:</p> <p>Provided that export of Special Chemicals, Organisms, Materials, Equipment and Technologies shall be subject to fulfillment of the conditions indicated in the Import Trade Control (Harmonized System) Classifications of Export and Import Items:</p> <p>Provided further that if any permission is required for import under any other law, the same shall be allowed with the approval of the Board of Approval:</p> <p>Provided also that the Foreign Trade Policy restrictions on State Trading Enterprises shall not apply to Special Economic Zone manufacturing Units:</p> <p>Provided also that export of iron-ore shall be subject to the conditions as imposed by the Central Government.</p>	<p>26. General Conditions of Import and Export.— A Unit may export goods and services, including agro products, partly processed goods, subassemblies, components, by-products, rejects, waste or scrap except prohibited items of exports indicated in the Import Trade Control (Harmonized System) Classifications of Export and Import Items:</p> <p>Provided that export of Special Chemicals, Organisms, Materials, Equipment and Technologies shall be subject to fulfillment of the conditions indicated in the Import Trade Control (Harmonized System) Classifications of Export and Import Items:</p> <p>Provided further that if any permission is required for import under any other law, the same shall be allowed with the approval of the Board of Approval:</p> <p>Provided also that the Foreign Trade Policy restrictions on State Trading Enterprises shall not apply to Special Economic Zone manufacturing Units:</p> <p>Provided also that export of or supply from Domestic Tariff Area of any ore shall be subject to the conditions as imposed by the Central Government.</p> <p>Provided also that Special Economic Zone Units shall be permitted to export prohibited items, if they import raw-material for the same, but each such case shall be placed before Board of Approval for approval:</p> <p>Provided also that items which are prohibited for import, Special Economic Zone Units shall be permitted to import the same if they export goods made out of the same but each such case shall be placed before Board of Approval of Approval for approval.</p>	This is done mainly to align with guidelines provided in Instruction 47 issued by MOC&I earlier for Import and export of prohibited and restricted items. Now the guidelines which are provided in Export and Import policy w.r.t. Exportation and Importation of Restricted/Prohibited items shall apply to SEZ units also in case of supply from DTA to SEZ, SEZ to DTA, Imports, Exports etc and will require prior permission of Board of Approvals.

16	Rule 27 Import and Procurement	<p>Sub Rule (1) A Unit or Developer may import or procure from the Domestic Tariff Area without payment of duty, taxes or cess or procure from Domestic Tariff Area after availing export entitlements or procure from other Units in the same or other Special Economic Zone or from Export Oriented Unit or Software Technology Park unit or Electronic Hardware Technology Park unit or Bio-technology Park unit, all types of goods, including capital goods (new or second hand), raw materials, semi-finished goods, (including semi-finished Jewellery) component, consumables, spares goods and materials for making capital goods required for authorized operations except prohibited items under the Import Trade Control (Harmonized System) Classifications of Export and Import Items:</p> <p>Provided that exemptions from payment of duty, taxes or cess, drawbacks and concessions on all types of goods and services, required for setting up and maintenance of the factory building, allowed to a unit shall also be available to the contractors appointed by such unit and all the documents in such cases shall bear the name of the unit along with the contractor and these shall be filed jointly in the name of the unit and the contractor</p>	<p>(1) A Unit or Developer may import or procure from the Domestic Tariff Area without payment of duty, taxes or cess or procure from Domestic Tariff Area after availing export entitlements or procure from other Units in the same or other Special Economic Zone or from Export Oriented Unit or Software Technology Park unit or Electronic Hardware Technology Park unit or Bio-technology Park unit or warehouse, all types of goods, (including capital goods (new or second hand), raw materials, semi-finished goods, (including semi-finished Jewellery) component, consumables, spares goods and materials for making capital goods required for authorized operations except prohibited items under the Import Trade Control (Harmonized System) Classifications of Export and Import Items:</p> <p>Provided that exemptions from payment of duty, taxes or cess, drawbacks and concessions on all types of goods and services, required for setting up and maintenance of the factory building, allowed to a unit shall also be available to the contractors including sub-contractors appointed by such unit and all the documents in such cases shall bear the name of the unit along with the contractor and these shall be filed jointly in the name of the unit and the contractor.</p>	<p>Now Units or Developers are also allowed to procure goods from Warehousing Units also, earlier specific provision was Not there. This will remove doubts about procurement from FTWZ and pure warehouse units under duty benefits.</p> <p>Further, sub-contractors are also given duty benefits under Rule 27 which was earlier extended to contractors only. However GST provisions are completely in contradiction to the same, wherein Zero Rated supplies can be effected only by direct suppliers of SEZ units or Developers or Co-developers. Moreover GST Common portal also allows Zero Rated supplies only in case wherein invoice is issued by suppliers in the name of SEZ entities due to inbuilt validation and wherein GST its a destination based taxes and every leg of transaction is taxable, how come benefit will be passed on to contractors and sub-contractors is a big question?</p>
			<p>"Provided also that for supply of Restricted Items by a Domestic Tariff Area Unit to Special Economic Zone Developer or Unit, the Domestic Tariff Area Unit may supply such items to a Special Economic Zone Developer or Unit for setting up infrastructure facility or for setting up of a Unit and it may also supply raw material to Special Economic Zone Unit for undertaking a manufacturing operation except refrigeration, cutting, polishing and blending, subject to the prior approval of Board of Approval:</p> <p>Provided also that supplies from Domestic Tariff Area to Special Economic Zones shall attract export duty, in case, export duty is leviable on items attracting export duty."</p>	<p>New provision inserted, with this now restricted items cannot be supplied by DTA supplier to SEZ for Refrigeration, cutting, polishing and blending without Units obtaining prior approval from BOA and it shall also attract export duty, if applicable.</p>
		<p>Sub Rule (3): The import of duty-free material for setting up educational institutions, hospitals, hotels, residential and/or business complex, leisure and entertainment facilities or any other facilities in the non-processing area of the Special Economic Zone shall be as approved by the Board and import of no duty-free material shall be permitted for operation and maintenance of such facilities.</p>	<p>Sub Rule (3): The import of and domestic procurement duty-free material for setting up educational institutions, hospitals, hotels, residential and/or business complex, leisure and entertainment facilities or any other facilities in the non-processing area of the Special Economic Zone shall be as approved by the Approval Committee and import and procurement of goods from Domestic Tariff Area of no duty-free material shall be permitted for operation and maintenance of such facilities.</p>	<p>Earlier approval for import or procurement of goods from DTA for Non-processing area was subject to approval to BOA, now list of material for such facilities in Non-processing shall be approved by Unit approval committee.</p>
Rule 30 Procedure for procurements from the Domestic Tariff Area	<p>(1) The Domestic Tariff Area supplier supplying goods to a Unit or Developer shall clear the goods, as in the case of exports, either under bond or as duty paid goods under claim of rebate on the cover of ARE-1 referred to in Notification number 42/2001-Central Excise (NT) dated the 26th June, 2001 in quintuplicate bearing running serial number beginning from the first day of the financial year.</p>	<p>for sub-rule (1), the following sub-rule shall be substituted, namely: -“(1) The Domestic Tariff Area supplier supplying goods or services to a Unit or Developer shall clear the goods or services, as in the case of zero-rated supply as per provisions of section 16 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017) either under bond or legal undertaking or under any other refund procedure permitted under Goods and Services Tax laws or Central Excise law, or as duty or tax paid goods under claim of rebate, on the cover of documents laid down under the relevant Central Excise law for the purpose of export by a manufacturer or supplier.”</p>	<p>This Amendment is account of GST laws incorporating provisions for Zero Rated Supplies under GST laws by DTA supplier to SEZ entities.</p>	
	<p>(2) Goods procured by a Unit or Developer, on which Central Excise Duty exemption has been availed but without any availment of export entitlements, shall be allowed admission into the Special Economic Zone on the basis of ARE-1.</p>	<p>(2) Goods or services procured by a Unit or Developer, on which Goods and Services Tax exemption has been availed but without any availment of export entitlements, shall be allowed admission into the Special Economic Zone on the basis of documents referred to in sub-rule (1) of Rule 30.</p>	<p>This Amendment is on account of GST laws.</p>	
	<p>(3) The goods procured by a Unit or Developer under claim of export entitlements shall be allowed admission into the Special Economic Zone on the basis of ARE-1 and a Bill of Export filed by the supplier or on his behalf by the Unit or Developer and which is assessed by the Authorised Officer before arrival of the goods.</p>	<p>(3) The goods procured by a Unit or Developer under claim of export entitlements shall be allowed admission into the Special Economic Zone on the basis of documents referred to in sub-rule (1) of Rule 30 and a Bill of Export filed by the supplier or on his behalf by the Unit or Developer and which is assessed by the Authorised Officer before arrival of the goods.</p>	<p>This Amendment is on account of GST laws.</p>	

17		<p>(4) A copy of the ARE-1 and/or copy of Bill of Export, as the case may be, with an endorsement by the authorized officer that goods have been admitted in full into the Special Economic Zone shall be forwarded to the Central Excise Officer having jurisdiction over the Domestic Tariff Area supplier within forty-five days failing which the Central Excise Officer shall raise demand of duty against the Domestic Tariff Area supplier</p>	<p>for sub-rule (4), the following sub-rule shall be substituted, namely:- "(4) A copy of the document referred to in sub-rule (1) or copy of Bill of Export, as the case may be, with an endorsement by the authorised officer that goods have been admitted in full into the Special Economic Zone shall be treated as proof of export and a copy with such endorsement shall also be forwarded by the Unit or Developer to the Goods and Services Tax or Central Excise Officer having jurisdiction over the Domestic Tariff Area supplier within forty-five days failing which the Goods and Services Tax or Central Excise Officer, as the case may be, shall raise demand of tax or duty against the Domestic Tariff Area supplier.</p>	<p>With this it will be mandatory for units or developers to get endorsement on two original invoices from SEZ Authorized officer as a proof of receipt of goods at SEZ and out of which one is to be sent to suppliers Jurisdictional GST commissionerate within 45 days, else supplier's Jurisdictional GST commissionerate may raise duty demand.</p> <p>This will be a difficult task as Unit or Developer may not be having details of Jurisdictional GST commissionerate of each supplier. Further, when NSDL module states that there is a connectivity between SEZ Online system and GST common portal, then this should be in digital format only automatically. This will create additional burden and there is a risk of lost of document during transit.</p> <p>It is important to Note here that endorsement of receipt of services by SEZ units or developers is not required as per this rule.</p>
		<p>(5) Where a Bill of Export has been filed under a claim of drawback or Duty Entitlement Pass Book, the Unit or Developer shall claim the same from the Specified Officer and jurisdictional Development Commissioner respectively and in case the Unit or Developer does not intend to claim entitlement of drawback or Duty Entitlement Passbook Scheme, a disclaimer to this effect shall be given to the Domestic Tariff Area supplier for claiming such benefits: Provided that the Duty Entitlement Passbook Scheme may be claimed by Domestic Tariff Area supplier from the Development Commissioner or their jurisdictional Regional Licensing Authority of the Directorate General of Foreign Trade.</p>	Omitted	Since DEPB scheme was discontinued long back, hence it is amended to align with the same.
		<p>(7) On arrival of the goods procured from the Domestic Tariff Area at the Special Economic Zone gate, the Authorized Officer shall examine the goods in respect of description, quantity, marks and other relevant particulars given in the ARE-1, invoice, Bill of Export of packing list and also as per the examination norms laid down in respect of export goods in cases where the goods are being procured under claim of an export entitlement.</p>	<p>(7) On arrival of the goods procured from the Domestic Tariff Area at the Special Economic Zone gate, the Authorized Officer shall examine the goods in respect of description, quantity, marks and other relevant particulars given in the documents referred to in sub-rule (1) of Rule 30, invoice, Bill of Export of packing list and also as per the examination norms laid down in respect of export goods in cases where the goods are being procured under claim of an export entitlement.</p>	This Amendment is on account of GST laws.
		<p>(8) Drawback or Duty Entitlement Pass Book credit against supply of goods by Domestic Tariff Area supplier shall be admissible provided payments for the supply are made from the Foreign Currency Account of the Unit. Provided that the reimbursement of duty in lieu of drawback or Duty Entitlement Pass Book credit against supply of goods by Domestic Tariff Area supplier to Special Economic Zone developers shall be admissible even if payment is made in Indian Rupees. Reimbursement of duty in lieu of drawback against supply of goods to Special Economic Zone developer shall be made as per the procedure prescribed by the Central Government.</p>	Omitted	Since DEPB scheme was discontinued long back, hence it is amended to align with the same.
		<p>(9) A copy of the Bill of Export and ARE-1 with an endorsement of the Authorised Officer that the goods have been admitted in full in the Special Economic Zone, shall be treated as proof of export.</p>	Omitted	Since there has been incorporated in Rule 30(4) above, therefore omitted.
18	Rule 31	The exemption from payment of service tax on taxable services under section 65 of the Finance Act, 1994 (32 of 1994) rendered to a Developer or a Unit (including a Unit under construction) by any service provider shall be available for the authorized operations in a Special Economic Zone.	Omitted	This Amendment is on account of GST laws.
19	Rule 32	The exemption from levy of taxes on sale or purchase of goods, other than newspapers, under the Central Sales Tax Act, 1956 (74 of 1956) shall be available on goods meant for undertaking authorized operations by the Developer or the Unit: Provided that the dealer selling goods in the course of inter-State trade or commerce to a registered dealer under the Central Sales Tax Act, 1956 shall furnish a declaration in Form-I prescribed under the Central Sales Tax (Registration and Turnover) Rules, 1957.	Omitted	This Amendment is on account of GST laws.

20	Rule 34 Utilization of goods	(Proviso) Provided that in case a Unit is unable to utilize the goods imported or procured from Domestic Tariff Area, it may export the goods or sell the same to other Unit or to an Export Oriented Unit or Electronic Hardware Technology Park Unit or Software Technology Park Unit or Bio-technology Park Unit, without payment of duty, or dispose off the same in the Domestic Tariff Area on payment of applicable duties on the basis of an import licence submitted by the Domestic Tariff Area buyer, wherever applicable.	for the proviso, the following proviso shall be substituted, namely: - "Provided that in case a Unit is unable to utilise the goods or services imported or procured from Domestic Tariff Area, it may, - (i) export the goods; or (ii) sell the same to other Unit or to an Export Oriented Unit or Electronic Hardware Technology Park or Software Technology Park or Bio Technology Park, without payment of duty; or (iii) sell to an Export Oriented Unit or Electronic Hardware Technology Park or Software Technology Park or Bio Technology Park - (a) on payment of Integrated Goods and Services Tax as applicable under section 5 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017); and (b) without payment of duty of customs leviable thereon under the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) and additional duty, if any, leviable thereon under sub-sections (1), (3) and (5) of section 3 of the said Act and such sale shall also be made without payment of integrated tax and compensation cess leviable thereon under sub-sections (7) and (9) of section 3 of the said Act as per notification issued by the Department of Revenue and such exemptions, as applicable; (iv) dispose of the same in the Domestic Tariff Area on payment of applicable duties or taxes on the basis of an import licence submitted by the Domestic Tariff Area buyer, wherever applicable."	This Amendment is on account of GST laws. Further, since EOU, STP etc are eligible for exemption from GST as of now, however it may be changed after the current extended exemption period of 31.03.2019
21	Rule 37	Duration of goods or services in a Special Economic Zone (Marginal Heading)	Duration of goods in a Special Economic Zone (Marginal Heading)	Since services are intangible thing and cant be monitored as to whether utilized within a particular time period or not. Hence with this amendment the same is corrected.
22	Rule 41 Sub-contracting	Sub Rule (1), Clause (h): a Unit may remove, with the permission of Specified Officer, moulds or jigs or tools or fixtures or tackles or instruments or hangers and patterns and drawings to the premises of subcontractor(s), subject to the condition that these shall be brought back to the premises of the Unit immediately on expiry of such sub-contracting arrangement and submission of a quarterly verification report from the Central Excise Officer having jurisdiction over the sub-contractor that such goods are lying in the sub-contractor's premises and are being used for production of goods on account of the Unit;	Sub Rule (1), Clause (h): a Unit may remove, with the permission of Specified Officer, moulds or jigs or tools or fixtures or tackles or instruments or hangers and patterns and drawings to the premises of subcontractor(s), subject to the condition that these shall be brought back to the premises of the Unit immediately on expiry of such sub-contracting arrangement and submission of a quarterly verification report from the Central Excise Officer or Central Tax Officer having jurisdiction over the sub-contractor that such goods are lying in the sub-contractor's premises and are being used for production of goods on account of the Unit;	This Amendment is on account of GST laws.
		New Clause in Sub Rule (2)	in sub-rule (2), after clause (b), the following clause shall be inserted, namely:- "(c) in case of sub-contracting abroad, the goods shall either be returned to the Unit or may be sold to buyers in that country or any third country."	This will give a big relief to those units who generally gets their part of production process outsourced to some foreign sub-contractor. Now they will not have to bring back the goods to SEZ units and that can be sold directly to buyers in respective country.
23	Rule 42 Procedure for sub-contracting in Domestic Tariff Area or in a Unit in other Special Economic Zones or in Export Oriented Unit or in Electronic Hardware Technology Park Unit or in ftware Technology Park Unit or Bio-technology Park Unit or sub-contracting abroad	Sub Rule (1), Clause (ii), Sub Clause (b): where the permission has not been taken at the time of project approval or a new permission is sought, the unit shall file an application containing the name and address of the subcontractor(s), Central Excise registration number in the case of the Domestic Tariff Area sub-contractor, if registered, and details of the processes to be carried out or quantum of production sought to be carried out at the sub-contractor's premises and self certified input-output ratio for the said processes	Sub Rule (1), Clause (ii), Sub Clause (b): where the permission has not been taken at the time of project approval or a new permission is sought, the unit shall file an application containing the name and address of the subcontractor(s), Goods and Services Tax registration number in the case of the Domestic Tariff Area sub-contractor, if registered, and details of the processes to be carried out or quantum of production sought to be carried out at the sub-contractor's premises and self certified input-output ratio for the said processes	This Amendment is on account of GST laws.
		Sub Rule (2), Clause (i): the sub-contractor is an Export Oriented Unit or an Electronic Hardware Technology Park Unit or Bio-technology Park Unit or a Special Economic Zone Unit or a Domestic Tariff Area Unit which is registered with the Central Excise Department;	Sub Rule (2), Clause (i): the sub-contractor is an Export Oriented Unit or an Electronic Hardware Technology Park Unit or Bio-technology Park Unit or a Special Economic Zone Unit or a Domestic Tariff Area Unit which is registered under Goods and Services Tax ;	This Amendment is on account of GST laws.
		Clause (v) goods for such export shall be removed from the sub-contractor's premises under bond: Provided that in case of sub-contracting abroad, the goods shall either be returned to the Unit or may be sold to buyers in that country or any third country.	(v) goods for such export shall be removed from the sub-contractor's premises under bond: (Proviso Omitted)	Such provision has been incorporated after sub rule 2 above.
		Sub Rule (3): Waste, scrap or remnants generated during process at the subcontractor's premises may either be returned to the Unit or may be cleared on payment of duty as if the said waste or scrap or remnants have been cleared by the Unit or may be destroyed at the sub-contractor's premises in the presence of jurisdictional Central Excise Officer if the sub-contractor is a Central Excise registrant	Sub Rule (3): Waste, scrap or remnants generated during process at the subcontractor's premises may either be returned to the Unit or may be cleared on payment of an amount equal to the duty applicable on imports as if the said waste or scrap or remnants have been cleared by the Unit or may be destroyed at the subcontractor's premises in the presence of jurisdictional Goods and Services Tax Officer if the sub-contractor is a Goods and Services Tax registrant	If waste or scrap generated during the process at Sub-contractors premises, and in case of destruction or removal from sub-contractor's premises duty will be payable just like in case of imports i.e. Custom duties.

24	Rule 43 Sub-contracting for Domestic Tariff Area unit for export	New Proviso inserted after Clause (d)	<p>after clause (d), the following proviso shall be inserted, namely: -</p> <p>“Provided that, -</p> <p>(i) only employees temporarily in-capacitated, employees travelling and off-site employees of Special Economic Zones may be permitted to work from home or from place outside the Special Economic Zone subject to the following conditions, namely:-</p> <p>(a) the person shall be an employee of the Special Economic Zone Unit;</p> <p>(b) the person shall carry out the work related to a project of the Special Economic Zone Unit;</p> <p>(c) the Unit shall ensure export revenue of the resultant products or services to be accounted for by the Special Economic Zone Unit to which the employee is tagged and in no case the export of services, involving work from home, shall be made from outside the Special Economic Zone Unit.</p> <p>(ii) Information Technology and Information Technology enabled Services Units in Domestic Tariff Area shall carry out their job-work in a Special Economic Zone Unit by following the procedure as laid down in item (i).</p> <p>(iii) For the purpose of work from home, Special Economic Zone Unit shall provide laptop or desktop and secured connectivity viz., VPN, VDI etc. to establish a connection between the employee and the work related to the project of the Special Economic Zone Unit.</p> <p>(iv) Once the employee ceases to be part of the project of Special Economic Zone Unit, the employee shall be untagged from the respective Special Economic Zone Unit and the Unit shall surrender the permanent Identity-Card issued in Form K to the Specified Officer as per sub-rule (2) of rule 70.</p> <p>(v) For Special Economic Zone Units registered as Other Service Providers with Department of Telecommunication and availing the benefit of work from home, the laid down Other Service Providers guidelines issued by that Department as amended from time to time, shall be followed by the Special Economic Zone Units.”</p>	Until now work from Home or a location outside SEZ used to be govern through separate Instructions prescribed by MOC&I, however now with this amendment it is officially incorporated into the rules itself.
	Rule 46 Procedure for Export	<p>Sub Rule (1), Clause (a), Proviso: Provided that there shall be exemption from declaration in the forms, GR or SDF or PP or SOFTEX as referred in the Foreign Exchange Management (Export of Goods and Services) Regulations, 2000 notified vide Reserve Bank of India Notification No. FEMA 23/2000-RB dated 3rd May, 2000 as amended from time to time in respect of export value up to US \$ twenty-five thousand or for export value as may be notified by the Reserve Bank of India, from time to time</p> <p>Sub Rule (1), Clause (c): the goods shall not be subjected to routine examination and 'Let Export Order' shall be given on the basis of self certification by the Unit</p> <p>Sub Rule (11) The procedure for export through a merchant exporter or status holder shall be the following,—</p> <p>(i) goods shall be exported directly from the Special Economic Zone or through any other port where the merchant exporter files his shipping bill, in which case the goods shall move directly from the Special Economic Zone to the said port of export on the basis of pink shipping bill as if these were movement of goods from one warehouse to another</p> <p>Sub Rule(12), Clause (i): the receiving Export Oriented Unit or Electronic Hardware Technology Park Unit or Software Technology Park Unit or Biotechnology Park Unit shall file Bill of Entry for warehousing, in quintuplicate along with invoice, procurement certificate issued by the Customs Officer in charge of the receiving Export Oriented Unit or Electronic Hardware Technology Park unit or Software Technology Park unit or Bio-technology Park unit and packing list with the Authorised Officer along with copy of the Letter of Approval and bonding licence: Provided that in case the receiving Unit is a Special Economic Zone unit, Bill of Entry for home consumption shall be filed in place of Bill of Entry for warehousing</p>	<p>Sub Rule (1), Clause (a), Proviso: Provided that there shall be exemption from declaration in the forms, GR or SDF or PP or SOFTEX as referred in the Foreign Exchange Management (Export of Goods and Services) Regulations, 2000 notified vide Reserve Bank of India Notification No. FEMA 23/2000-RB dated 3rd May, 2000 as amended from time to time for export value as may be notified by the Reserve Bank of India, from time to time</p> <p>Sub Rule (1), Clause (c): the goods shall not be subjected to routine examination and 'Let Export Order' shall be given on the basis of self certification by the Unit, however, in case Merchandise Exports from India Scheme benefit is claimed then examination of export cargo shall be done as per examination norms set by Central Board of Indirect Taxes and Customs</p> <p>Sub Rule (11) The procedure for export through a merchant exporter or status holder shall be the following,—</p> <p>(i) goods shall be exported directly from the Special Economic Zone or through any other port where the merchant exporter files his shipping bill, in which case the goods shall move directly from the Special Economic Zone to the said port of export on the basis of shipping bill as if these were movement of goods from one warehouse to another</p> <p>the following clause shall be substituted, namely:- “(i) the receiving Export Oriented Unit or Electronic Hardware Technology Park Unit or Software Technology Park Unit or Biotechnology Park Unit shall file Bill of Entry for home consumption, in quintuplicate along with invoice, copy of information as provided to jurisdictional customs officer under rule 5 of the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017 and packing list with the Authorised Officer along with copy of the Letter of Approval and bonding licence</p>	<p>This is to align with RBI circular for export of goods or services, wherein the earlier exemption of not filing softex upto US\$ 25,000 export transaction has been done away with and softex is applicable even less than US\$ 25,000 export value.</p> <p>Examination procedure as per CBIC guidelines shall be applicable in case of exports from SEZ units under MEIS scheme.</p> <p>Now the requirement of Pink shipping bill has been done away with and its only shipping bill</p> <p>This is in accordance to GST guidelines applicable for EOU for duty free procurement</p>

25	<p>Sub Rule(12), Clause (iii): the receiving Export Oriented Unit or Electronic Hardware Technology Park Unit or Software Technology Park Unit or Biotechnology Park Unit or Special Economic Zone Unit shall submit the re-warehousing certificate to the Authorised Officer having jurisdiction over the supplying Unit within forty-five days, failing which the Authorised Officer shall communicate this fact to the Officer of Customs or Excise having jurisdiction over the Export Oriented Unit or Electronic Hardware Technology Park Unit or Software Technology Park Unit or Bio-technology Park Unit or to the Specified Officer for demand of applicable duty from the receiving Export Oriented Unit or Electronic Hardware Technology Park Unit or Software Technology Park Unit or Biotechnology Park Unit or Unit in another Special Economic Zone, as the case may be;</p>	<p>Sub Rule(12), Clause (iii): the receiving Export Oriented Unit or Electronic Hardware Technology Park Unit or Software Technology Park Unit or Biotechnology Park Unit or Special Economic Zone Unit shall follow the procedure laid down by the Central Board of Indirect Taxes and Customs in terms of Customs Notification no. 44/ 2016-Customs dated 29th July, 2016 published in the Official Gazettee vide Notification S.O. 2566 (E) dated 29th July, 2016 and submit the documents specified therein to the Authorised Officer having jurisdiction over the supplying Unit within forty-five days, failing which the Authorised Officer shall communicate this fact to the Officer of Customs or Excise having jurisdiction over the Export Oriented Unit or Electronic Hardware Technology Park Unit or Software Technology Park Unit or Bio-technology Park Unit or to the Specified Officer for demand of applicable duty from the receiving Export Oriented Unit or Electronic Hardware Technology Park Unit or Software Technology Park Unit or Biotechnology Park Unit or Unit in another Special Economic Zone, as the case may be;</p>	<p>This is a part of removal of custom bonding requirement for EOU/STP etc vide Customs Notification No. 44/2016-Customs dated: 29.07.2016</p>
	<p>Sub Rule (13): The Authorised Officer may permit a Unit to transfer goods to an Export Oriented Unit or Electronic Hardware Technology Park Unit or Software Technology Park Unit or Bio-technology Park Unit or to a bonded warehouse, without payment of duty subject to following conditions, namely:— (i) the Unit shall transfer the goods against Procurement Certificate issued by the Central Excise or Customs Officer in charge of receiving Export Oriented Unit or Electronic Hardware Technology Park Unit or Software Technology Park Unit or Biotechnology Park Unit; (ii) a warehousing Bill of Entry shall be filed by the Export Oriented Unit or Electronic Hardware Technology Park Unit or Software Technology Park Unit or Bio-technology Park Unit or by the supplying Special Economic Zone Unit on behalf of the receiving Export Oriented Unit or Software Technology Park Unit or Bio- technology Park Unit, as the case may be, with the Authorised Officer; (iii) Export Oriented Unit or Electronic Hardware Technology Park Unit or Software Technology Park Unit or Bio-technology Park Unit shall submit re-warehousing certificate duly signed by the Central Excise or Customs Officer having jurisdiction over the receiving Export Oriented Unit or Electronic Hardware Technology Park Unit or Software Technology Park Unit or Bio-technology Park Unit within a period forty-five days from the date of clearance of the goods to the Authorised Officer; (iv) where the Export Oriented Unit or Electronic Hardware Technology Park Unit or Software Technology Park Unit or Biotechnology Park Unit fails to submit the re-warehousing certificate within the period of forty-five days of clearance of goods, the Authorised Officer shall take up the matter with the Central Excise or Customs Officer of the receiving Unit to initiate recovery proceeding against such Export Oriented Unit or Software Technology Park Unit or Bio-technology Park Unit, as the case may be;</p>	<p>Sub Rule (13): The Authorised Officer may permit a Unit to transfer goods to an Export Oriented Unit or Electronic Hardware Technology Park Unit or Software Technology Park Unit or Bio-technology Park Unit or to a bonded warehouse, without payment of duty subject to following conditions, namely:— (i) the Unit shall transfer the goods against Procurement Certificate issued by the State Tax Officer or Central Tax Officer or Customs Officer in charge of receiving Export Oriented Unit or Electronic Hardware Technology Park Unit or Software Technology Park Unit or Biotechnology Park Unit; (ii) a Bill of Entry for Home Consumption shall be filed by the Export Oriented Unit or Electronic Hardware Technology Park Unit or Software Technology Park Unit or Bio-technology Park Unit or by the supplying Special Economic Zone Unit on behalf of the receiving Export Oriented Unit or Software Technology Park Unit or Bio- technology Park Unit, as the case may be, with the Authorised Officer; (iii) Export Oriented Unit or Electronic Hardware Technology Park Unit or Software Technology Park Unit or Bio-technology Park Unit shall submit as per procedures laid down under clause (iii) of sub-rule (12) of rule 46 duly signed by the State Tax Officer or Central Tax Officer or Customs Officer having jurisdiction over the receiving Export Oriented Unit or Electronic Hardware Technology Park Unit or Software Technology Park Unit or Bio- technology Park Unit within a period forty-five days from the date of clearance of the goods to the Authorised Officer; (iv) where the Export Oriented Unit or Electronic Hardware Technology Park Unit or Software Technology Park Unit or Biotechnology Park Unit fails to submit the re-warehousing certificate within the period of forty-five days of clearance of goods, the Authorised Officer shall take up the matter with the State Tax Officer or Central Tax Officer or Customs Officer of the receiving Unit to initiate recovery proceeding against such Export Oriented Unit or Software Technology Park Unit or Bio-technology Park Unit, as the case may be;</p>	<p>Amendment made to align with GST laws. Further Since warehousing provisions are not applicable to EOU/STP hence this is amended.</p>
	<p>(v) where goods admitted into a Unit from Domestic Tariff Area on which entitlement under Duty Exemption Pass Book Scheme had been availed are removed as such or after subjecting it to a process not amounting to manufacture to an Export Oriented Unit or Electronic Hardware Technology park Unit or Software Technology Park Unit or Bio-technology Park Unit directly or through a Unit in the same Special Economic Zone or another Special Economic Zone, the customs duty equal to entitlement availed under the Duty Exemption Pass Book Scheme shall be paid.</p>	<p>(v) where goods admitted into a Unit from Domestic Tariff Area on which entitlement under Duty Exemption Pass Book Scheme had been availed are removed as such or after subjecting it to a process not amounting to manufacture to an Export Oriented Unit or Electronic Hardware Technology park Unit or Software Technology Park Unit or Bio-technology Park Unit directly or through a Unit in the same Special Economic Zone or another Special Economic Zone, the customs duty equal to entitlement availed under the Duty Exemption Pass Book Scheme shall be paid.</p>	
26	<p>Domestic Tariff Area removals - abatement of duties in certain cases— (1) A Unit may remove capital goods to Domestic Tariff Area after use in Special Economic Zone on payment of duty as under</p>	<p>Domestic Tariff Area removals - abatement of duties in certain cases— (1) A Unit may remove capital goods to Domestic Tariff Area after use in Special Economic Zone on payment of duty or Integrated Goods and Services Tax as under</p>	<p>This is a good move as until now there were no clarity of duty applicability in case of DTA removal of those goods which is procured after payment of applicable duties. Now with this if any goods is procured by payment of applicable duties under Rule 30(11), then such goods can be removed into DTA as it is on payment of IGST only and custom duty will not be applicable in that case.</p>
27	<p>Temporary removals to Domestic Tariff Area — (1) The Unit may temporarily remove following goods to Domestic Tariff Area without payment of duty, namely</p>	<p>Temporary removals to Domestic Tariff Area — (1) The Unit may temporarily remove following goods to Domestic Tariff Area without payment of duty or Integrated Goods and Services Tax, namely</p>	<p>This Amendment is on account of GST laws.</p>

28	<p>Rule 53 Net Foreign Exchange Earnings</p>	<p>The Unit shall achieve Positive Net Foreign Exchange to be calculated cumulatively for a period of five years from the commencement of production according to the following formula, namely:— Positive Net Foreign Exchange = A - B >> 0 Where :— A : is Free on Board value of exports, including exports to Nepal and Bhutan against freely convertible currency, by the Unit and the value of following supplies of their products, namely:— (a) supply of goods against Advance Licence or Duty Free Replenishment Certificate under the Duty Exemption or Remission Scheme or Diamond Imprest Licence under the Foreign Trade Policy; (b) supply of capital goods to holders of licence under the Export Promotion Capital Goods Scheme under the Foreign Trade Policy; (c) supply of goods to projects financed by multilateral or bilateral agencies or funds as notified by the Department of Economic Affairs, Ministry of Finance under International Competitive Bidding in accordance with the procedures of those agencies or funds, where the legal agreements provide for tender evaluation without including the customs duty; (d) supply of capital goods, including those in unassembled or disassembled condition as well as plants, machinery, accessories, tools, dies and such goods which are used for installation purposes till the stage of production and spares to the extent of ten per cent. of the free on rail value to fertilizer plants; (e) supply of goods to any project or purpose in respect of which the Ministry of Finance, by a notification, permits the import of such goods at zero customs duty; (f) supply of goods to the power projects and refineries not covered in (e) above; (g) supply to projects funded by United Nations Agencies; (h) supply of goods to nuclear power projects through competitive bidding as opposed to International Competitive Bidding;</p>	<p>53. Net Foreign Exchange Earnings. — The Unit shall achieve Positive Net Foreign Exchange to be calculated cumulatively for a period of five years from the commencement of production according to the following formula, namely:— Positive Net Foreign Exchange = A - B > 0 Where, — A : is Free on Board of Approval value of exports, including exports to Nepal and Bhutan against freely convertible currency, by the Unit and the value of following supplies of their products, manufactured in the Special Economic Zone and the value of the services (excluding traded goods), namely:— (a) supply of goods against Advance Authorisation or Advance Authorisation for annual requirement or Duty Free Import Authorisation under the Duty Exemption or Remission scheme under the Foreign Trade Policy; (b) supply of capital goods to holders of licence under the Export Promotion Capital Goods Scheme under the Foreign Trade Policy; (c) supply of goods to projects financed by multilateral or bilateral agencies or funds as notified by the Department of Economic Affairs, Ministry of Finance, from time to time, under International Competitive Bidding in accordance with the procedures of those agencies or funds, where the legal agreements provide for tender evaluation without including the customs duty; (d) supply of goods to any project or for any purpose in respect of which the Ministry of Finance notifies from time to time, permitting import of such goods at zero customs duty subject to conditions specified in the above said notification provided the supply is made under procedure of International Competitive Bidding; (e) supply of goods to United Nations or International Organisations for their official use or supplied to the projects financed by the said United Nations or an International Organisation approved by Government of India and the list of such organisations and conditions applicable to such supplies is notified by Ministry of Finance from time to time; (f) supply of goods to nuclear power projects provided they are as per the conditions stipulated in Foreign Trade Policy;</p>	<p>As per Rule 53(A): Now exports of Traded goods will not be counted under NFE, this will be a big hit to manufacturing organization who sometimes needs to supply spare parts as a part of their After sales service support to customers. These spare parts are mostly procured from third party suppliers and would tantamounts to trading.</p> <p>As per old Rule 53(A)(d): Supplies to fertilizer plant was earlier considered under NFE now it has been kept out of NFE calculation.</p> <p>As per New Rule 53(A)(d): Now only supplies to those projects which are notified by Ministry of finance will be considered for NFE purpose subject to the condition that supply is made under procedure of International Competitive bidding. This is deterrent to Make in India initiatives.</p>
		<p>(i) supply made to bonded warehouses set up under the Foreign Trade Policy or under section 65 of the Customs Act and free trade and warehousing zones, where payment is received in foreign exchange; (j) supply against special entitlements of duty free import of goods under the Foreign Trade Policy; (k) export of services by services units including services rendered within Special Economic Zone or services rendered in the Domestic Tariff Area and paid for in free foreign exchange or such services rendered in Indian Rupees which are otherwise considered as having been paid for in free foreign exchange by the Reserve Bank of India; (l) supply of Information Technology Agreement items and notified zero duty telecom or electronic items, namely, Color Display Tubes for monitors and Deflection components for colour monitors or any other items as may be notified by the Central Government; (m) supply to other units and Developers in the same or other Special Economic Zone or Export Oriented Unit or Electronic Hardware Technology Park or Software Technology Park Unit or Bio-technology Park Unit provided that such goods and services are permissible for import or procurement by such Units and Developers; (n) supply of goods to Domestic Tariff Area against payment in foreign exchange from the Exchange Earners Foreign Currency account of the Domestic Tariff Area buyer or Free Foreign Exchange received from overseas; (o) supply of goods against free foreign exchange by a Free Trade and Warehousing Zone Unit. Explanation : For the purposes of this sub-rule, the supplies under clause (m) shall be against procurement certificate, as applicable and the supplies under clauses (d) to (h) and (j) shall be as per the terms and conditions of the respective duty exemption notified by the Central Government, in the Ministry of Finance; and</p>	<p>(g) supply against special entitlements of duty free import of goods under the Foreign Trade Policy; (h) export of services by services Units including services rendered within Special Economic Zone or such services rendered in Indian Rupees which are otherwise considered as having been paid for in free foreign exchange by the Reserve Bank of India; (i) supply of Information Technology Agreement items and notified zero duty telecom or electronic items, namely, Colour Display Tubes for monitors and Deflection components for colour monitors or any other items as may be notified by the Central Government; (j) supply to other Units and Developers in the same or other Special Economic Zone or Export Oriented Unit or Electronic Hardware Technology Park or Software Technology Park Unit or Bio-technology Park Unit provided that such goods and services are permissible for import or procurement by such Units and Developers; (k) supply of goods against free foreign exchange by a Free Trade and Warehousing Zone Unit. Explanation. - For removal of doubts, it is hereby clarified that the supplies under clause (j) shall be against procurement certificate, as applicable and the supplies under clauses (d) to (g) shall be as per the terms and conditions of the respective duty exemption as notified by the Central Government, in the Ministry of Finance.</p>	<p>As Per New Rule 53(A)(h): Supply of services in DTA has been excluded now. This is in contradiction to SEZ Act, wherein Services are those which earns foreign exchange. Therefore it would be interesting to see whether services will be allowed to sell in DTA as per provisions of section 2(z) of SEZ Act or not at all even in foreign currency. One thought can be such services even if provided in Foreign currency shall not be counted towards NFE of the unit.</p> <p>As per old Rule 53(A)(h): Supply of goods into DTA from SEZ in Foreign currency was eligible for NFE calculation. Now the same has been removed, with this even though a unit is supplying goods in DTA in foreign currency the same will not be counted as exports under Rule 53 for NFE purpose. This will be a big hit to units who sale into DTA and if import component is higher then this will lead to increased chances of negative NFE.</p> <p>Considering all this, FTWZ units will not have to work like a pure warehousing units and that too for foreign supplier/Buyer. If they trade in their name on one side import will be counted as Outflow and on another side exports of such traded goods will not be counted as Exports for NFE calculation. Further DTA sale of goods or services both will not be counted as exports for NFE calculation. Therefore the only survival for FTWZ units will be to act as warehousing units and hold goods on behalf of foreign supplier/buyer and provide services to foreign entity in Foreign currency.</p>

		<p>B : consist of sum of the following:—</p> <p>(a) sum total of the Cost Insurance and Freight value of all imported inputs used for authorized operations during the relevant period and the Cost Insurance and Freight value of all imported capital goods including goods purchased on high seas basis even though paid for in Indian Rupees and the value of all payments made in foreign exchange by way of export commission, royalty, fees, dividends, interest on external commercial borrowings during the first five year period or any other charges;</p> <p>(b) value of goods obtained from other Unit or Export Oriented Unit or Electronic Hardware Technology Park or Software Technology Park Unit or Bio-technology Park Unit or from bonded warehouses or procured from international exhibitions held in India or precious metals procured from nominated agencies;</p> <p>(c) the Cost Insurance Freight value of the goods and services, including pro-rata Cost Insurance Freight of capital goods, imported duty free or leased from a leasing company or received free of cost and/or on loan basis or on transfer for the period they remain with Unit.</p> <p>Explanation : For the purposes of this sub-rule "Inputs" mean raw materials, intermediates, components, consumables, parts and packing materials;</p> <p>(d) for annual calculation of Net Foreign Exchange, value of imported capital goods and lump sum payment of foreign technical know-how fee shall be amortized at the rate of ten per cent. every year from the first year to tenth year.</p>	<p>B : consists of sum of the following—</p> <p>(a) sum total of the Cost Insurance and Freight value of all imported or indigenous inputs used for authorised operations during the relevant period and the Cost Insurance and Freight value of all imported capital goods including goods purchased on high seas basis even though paid for in Indian Rupees and the value of all payments made in foreign exchange by way of export commission, royalty, fees, dividends, interest on external commercial borrowings during the first five year period or any other charges;</p> <p>(b) value of goods obtained from other Unit or Export Oriented Unit or Electronic Hardware Technology Park or Software Technology Park Unit or Bio-technology Park Unit or from bonded warehouses or procured from international exhibitions held in India or precious metals procured from nominated agencies;</p> <p>(c) the Cost Insurance Freight value of the goods and services, including pro-rata Cost Insurance Freight of capital goods, imported duty free or leased from a leasing company or received free of cost or on loan basis or on transfer for the period they remain with the Unit.</p> <p>Explanation. - For the purposes of clause (a), the expression "inputs" mean raw materials, intermediates, components, consumables, parts and packing materials;</p> <p>(d) for annual calculation of Net Foreign Exchange, value of imported capital goods and lump sum payment of foreign technical know-how fee shall be amortised at the rate of ten per cent. every year from the first year to the tenth year;</p>	<p>Now all Inputs procured from even Domestic tariff area even paid for in Indian currency will also be considered as outflow in calculation of NFE. Until now only imported capital goods and inputs used to be counted towards NFE calculation. This will be a big hit for all units and will impact NFE to a greater extent.</p> <p>Inputs definition remains same as like before i.e. Inputs means, raw materials, intermediates, components, consumables, parts and packing materials.</p>
			<p>C: Gems and Jewellery Units shall achieve minimum Value Addition as laid down in prevailing Foreign Trade Policy or Hand Book of Procedures:</p> <p>Provided that the Nominated Agencies working as a service Unit for precious metals supply within Special Economic Zone shall be subjected to the requirement of positive Net Foreign Exchange only; and</p> <p>D: For Gems and Jewellery, the minimum Value Addition shall be in terms of prevailing Foreign Trade Policy or Hand Book of Procedures and it shall be calculated as under:-</p> $VA = \frac{A-B}{B} \times 100$ <p>Where, -</p> <p>A = Free on Board value of the export realised or Freight on Road and Rails value of supply received;</p> <p>B = Value of inputs (including domestically procured) such as gold or silver or platinum content in export product plus admissible wastage along with value of other items, such as gemstone etc. wherever gold has been obtained on loan basis, value shall also include interest paid in free foreign exchange to foreign supplies.";</p> <p>Provided that where a Unit is unable to achieve Net Foreign Exchange due to adverse market conditions or any ground of genuine hardship having adverse impact on functioning of the Unit, the five years block period for calculation of Net Foreign Exchange earnings may be extended by the Board of Approval for a further period of upto one year, on a case to case basis."</p>	<p>Additional value addition requirements prescribed for Gems and Jewellery sector and formulae for the same is also prescribed</p>
29	Rule 54 Monitoring of performance	<p>(2) In case the Approval Committee comes to the conclusion that a Unit has not achieved positive Net Foreign Exchange Earning or failed to abide by any of the terms and conditions of the Letter of Approval or Bond-cum-Legal Undertaking, without prejudice to the action that may be taken under any other law for the time being in force, the said Unit shall be liable for penal action under the provisions of the Foreign Trade (Development and Regulation) Act, 1992.</p>	<p>(2) In case the Approval Committee comes to the conclusion that a Unit has not achieved positive Net Foreign Exchange Earning or stipulated Value Addition as specified in rule 53 or failed to abide by any of the terms and conditions of the Letter of Approval or Bond-cum-Legal Undertaking, without prejudice to the action that may be taken under any other law for the time being in force, the said Unit shall be liable for penal action under the provisions of the Foreign Trade (Development and Regulation) Act, 1992.</p>	<p>Additional requirement of value addition criteria is also included for monitoring of unit's performance. This was not there earlier, however detailed guidelines is required to be notified.</p>
30	Rule 74 Exit of Units	New Sub Rule inserted	<p>after sub-rule (5), the following sub-rule shall be inserted, namely:-</p> <p>"(6) The Unit opting out from Special Economic Zone shall execute a legal undertaking in Form L."</p>	<p>Undertaking for exit has been prescribed which was not there earlier. Though in practise it was followed as per format prescribed in Handbook of procedures.</p>
31	Rule 74 A Transfer of Assets by Special Economic Zone Units upon their exit	<p>The Unit may opt out of Special Economic Zone by transferring its assets and liabilities to another person by way of transfer of ownership including sale of Special Economic Zone units subject to the following conditions:-</p> <p>(i) the Unit has held a valid Letter of Approval as well as lease of land for not less than a period of five years on the date of transfer;</p>	<p>The Unit may opt out of Special Economic Zone by transferring its assets and liabilities to another person by way of transfer of ownership including sale of Special Economic Zone units subject to the following conditions:-</p> <p>(i) the Unit has held a valid Letter of Approval as well as lease of land or Standard Design Factory for not less than a period of five years on the date of transfer;</p>	<p>SDF is also included. This is applicable mostly for SEEPZ, NSEZ, FSEZ etc which has such facility.</p>

32	Rule 75 Self Declaration	Unless otherwise specified in these rules all inward or outward movement of goods into or from the Zone by the Unit or Developer shall be based on self declaration made and no routine examination of these goods shall be made unless specific orders of the Development Commissioner or the Specified Officer are obtained.	Unless otherwise specified in these rules all inward or outward movement of goods into or from the Zone by the Unit or Developer shall be based on self declaration made and no routine examination of these goods shall be made unless specific orders of the Development Commissioner or the Specified Officer are obtained. Provided that all the consignments of Special Economic Zone shall be subject to a risk management system	It is in line with CBIC guidelines for clearance of goods from Port as well.
33	Rule 80	New Rule inserted	after the rule 79, the following rule shall be inserted, namely:- "80 If an Special Economic Zone Unit, in case of bona fide default, fails to achieve the minimum specified Net Foreign Exchange or specified value addition, then such shortfall may be regularised after the Unit deposits an amount equal to one per cent. of shortfall in Free on Board of Approval Value.".	This is a good move, wherein even in case of default i.e. failure to achieve NFE or value addition, then also the same can be regularized by payment of 1% of amount equal to shortfall in FOB value of exports. This will help units which has longer gestation period to achieve positive NFE.