

No. K-22019/3/2023-EOU
Ministry of Commerce & Industry
Department of Commerce
EOU Section

Vanijya Bhawan, New Delhi
Dated: 6th June, 2023

MEETING NOTICE

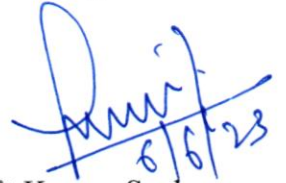
Subject: 3rd Meeting (2023 series) of Board of Approval (BOA) for EOU Scheme scheduled to be held on 17.06.2023 - Agenda reg.

The undersigned is directed to enclose herewith the Agenda for the 3rd Meeting (2023 series) of the BOA for EOU scheme scheduled to be held on 17.06.2023 at Pune under the chairmanship of Commerce Secretary in hybrid mode, for information and necessary action. The Agenda has also been hosted on the website: www.sezindia.gov.in.

2. The Venue, time and weblink for the said meeting will be shared by this department shortly.

3. All the addresses are requested to kindly make it convenient to attend the meeting.

Encl: As above.



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1. Department for Promotion of Industry and Internal Trade (DPIIT).
2. CBIC [Member (Customs)], M/o Finance.
3. CBDT [Member (Income Tax)], M/o Finance.
4. DG, DGFT.
5. The Joint Secretary, M/o Environment & Forest.
6. The Joint Secretary, M/o Science & Technology
7. M/o Micro, Small and Medium Enterprises.
8. All DCs.

Copy to: PSO to CS/PPS to AS(LSS)/PPS to JS(VB)/PPS to DIR(SNS)

AGENDA FOR THE 3rd BOA MEETING (2023 SERIES) FOR EOU SCHEME TO BE HELD ON 17.06.2023.

3.1(23) Confirmation of Minutes of the 2nd BOA (2023 Series) meeting for EOU held on 15.04.2023.

3.2(23) Proposal for regularization of Adhoc SION Norms - M/s AVT Natural Products Limited, EOU under jurisdiction of CSEZ.

M/s AVT Natural Products Ltd. is an EOU unit under jurisdiction of CSEZ having LOP dated 30.09.1992 for manufacture and export of Spice Oleoresins, Spice Oil, Flavours and extracts of Vanilla/Tea etc., Decaffeinated Tea, Instant Black Tea/Green Tea etc. The unit commenced its operation on 26.09.1994.

The export-import details of the unit are as under:

(Rs. in Lakhs)

Block Year	Export	FE outgo	NFE
1999-2004	10771.45	175.75	10595.70
2004-2009	45190.43	7287.09	37903.34
2009-2014	94875.06	22452.82	72422.24
2014-2019	133321.67	32492.40	100829.27
2019-2024 31.03.2022)	96241.75	19038.40	77203.35

O/o CSEZ fixed ad-hoc Standard Input Output Norms (SION) for production of Marigold Zeaxanthin Oleoresins and Marigold Oleoresins from Marigold Seeds subject to the following conditions:

- they shall comply/observe necessary Customs formalities
- the ad-hoc norms fixed will be revised if the technical analysis deviates from the ad-hoc approval.
- they shall submit an undertaking to this office and jurisdictional Customs authorities to the effect that the ad-hoc norms shall be adjusted in accordance with norms as finally fixed by the Norms Committee in DGFT for the unit.

Subsequently, the unit approached the Norms Committee of DGFT for regularization of ad-hoc SION fixed by O/o CSEZ. The Norms Committee in its meeting held on 24th February 2022 rejected the proposal on the basis of Para 4.03 of FTP 2015-20 stating the following reasons:

- The imported inputs are not physically contained in the export product; and
- The marigold seeds are not covered under the items like fuel, oil or Catalyst
- Since Marigold Seed is an agricultural crop, the input-output ratio for Marigold Seeds cannot be assessed and will vary depending on Climate conditions, Seeds quality, soil fertility etc.

It is to be mentioned that Para 4.03 of FTP 2015-20 states that Advance Authorisation is issued to allow duty free import of input, which is physically incorporated in export product (making normal allowance for wastage). In addition, fuel, oil, catalyst which is consumed/ utilized in the process of production of export product, may also be allowed. Further, Advance Authorisation is issued for inputs in relation to resultant product as per the notified SION.

Thereafter, the unit again approached the Norms Committee to re-consider their case. The Norms Committee considered the case of the unit and vide Minutes dated 10.02.2023 rejected the proposal quoting the same reasons mentioned above.

The committee in its minutes dated 10.02.2023 mentioned that the duty free inputs i.e. Marigold seeds cannot be physically incorporated in the export items i.e. Marigold oleoresin and Marigold Zeaxanthin oleoresin which is an essential condition under Para 4.03 of FTP 2015-20. Moreover, the marigold seeds under no circumstances can be covered under the items like fuel, oil or catalyst. On the basis of these observations, the committee rejected the proposal of the unit.

Now, the unit has approached BoA for consideration their request for regularization of ad-hoc SION Norms in terms of Para 6.06(e)(iii) of HBP 2023.

Relevant provision: Para 6.06(e) of HBP 2023 stipulates as under:

6.06(e) consumption of inputs by the EOU unit shall be based on the SION provided that:

- (i) where no SION have been notified, generation of waste, scrap and remnants upto 2% of input quantity shall be allowed;
- (ii) where additional items other than those given in SION are required as inputs or where generation of waste, scrap and remnants is beyond 2% of inputs quantity, use of such inputs shall be allowed by the jurisdictional DC within a period of three months from the date of application and based on self declared norms, with the unit undertaking to adjust self-declared/ ad hoc norms in accordance with norms as finally fixed by Norms Committee in DGFT.
- (iii) In case of any difficulty in fixation of SION as above, BOA in consultation with Norms Committee in DGFT, will decide on case to case basis.

DC's Recommendation: DC-CSEZ has recommended the proposal of the unit.