

**F. No. D.6/29/2010-SEZ**  
Government of India  
Department of Commerce  
(SEZ Division)

Udyog Bhawan, New Delhi  
Dated the 4<sup>th</sup> November, 2010

To

The Development Commissioners

**Subject: Guidelines to regulate functioning of plastics/  
Used clothing units in SEZs - regarding.**

Sir/Madam,

In terms of the Rule 18(4) of the SEZ Rules, 2006, extension of Letter of Approval of an existing unit for recycling plastic scrap and waste, enhancement of the approved import quantum of plastic waste and scrap beyond of annual average import quantum of the unit and reprocessing of garments and used clothing or secondary textiles material and other recyclable textiles material is required to be decided by the Board of Approval. Instances have come to the notice of this Department that some of the plastics/used clothing units, instead of exporting the product, supply it into DTA and achieve NFE positive status by exporting unrelated products by way of broad banding of the LOA.

2. In order to check the aforesaid irregularities in plastics/used clothing units in SEZs, it has been decided to issue the following instructions:-

Broad banding and splitting of license for setting up of sub-units shall not be allowed. All transactions of a unit shall be regulated through a single bank account.

- (ii) No third party exports shall be allowed by such units.
  - (iii) 100% inspection of the consignment of used clothing sales to DTA shall be undertaken at the Gate of the SEZ and not at the premises of the unit.
  - (iv) All units must set up facilities to make products out of used clothing/ plastic waste. This needs to be done by 31.3.2011.
3. This will apply to all existing units.

Yours faithfully

**(R K. Pande**  
Under Secretary to the Govt. of India

