

**Letter from Units regarding QCO exemption for SEZ Supplies to DTA Exporters.pdf**

76K

**DIPP QCO 189(E) dated 17.2.2003.pdf**

380K

**DGFT Notification 71 2023 dated 11.3.2024.pdf**

949K

dg dg <dg@epces.in>

25 June 2024 at 10:16

To: Shri Bipin Menon DC NSEZ <dc@nsez.gov.in>

DG

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3 attachments**Letter from Units regarding QCO exemption for SEZ Supplies to DTA Exporters.pdf**

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949K

Director General SEZEPC <dg@sezepc.in>

8 July 2026 at 16:28

To: DG DGFT <dgft@nic.in>

Cc: adg4.hq-dgft@gov.in, A Bipin Menon <abmenon@nic.in>, ta-textiles <ta-textiles@gov.in>

Dear Sir,

Please refer to the trailing email dated 24.6.2024 regarding exempting Mandatory QCOs on supplies of goods from SEZ/EOU units to DTA exporters to be used in making export products.

Vide DGFT Notification 71/2023 dated 11.3.2024 (copy attached), imports by SEZs and EOUs were exempted from mandatory QCOs for manufacturing export products.

However, the council has received representations from SEZ units which are importing / manufacturing goods (covered by QCOs) and supplying to MSME DTA exporters for manufacturing of export products. A copy of the representation is attached.

The representation is regarding electrical fittings, such as power cord sets, wire, lamp holders, switches, CFL Bulbs, Christmas Lights, etc. which are covered under QCOs issued by Deptt for Promotion of Industry and Internal Trade (DPIIT) (for example QCO issued vide Gazette Notification No SO 189(E) dated 17.2.2003) (copy attached)).

They have stated that they have been so far importing these goods covered by QCO issued by DPIIT and were supplying to MSME exporters in DTA for using these goods in export products. However, they are now facing problem because of the specific provisions of **para 2(ii)(i) (for EOUs) and para 2 (iii)(i) (for SEZ) in DGFT**

Notification 71/2023 dated 11.3.2024 that no DTA clearance of such imported inputs will be allowed. Because of this provision, SEZ units are not able to supply such imported goods to MSME exporters in DTA for using these goods in exported products.

They have further stated that:

1. These DTA based lighting exporters, most of whom belong to MSME handicraft sector don't have the wherewithal to meet the MOQs (Minimum Order Quantity) of foreign based manufacturers/ suppliers. They don't have sufficient funds to store the stocks and they can't take the risk of projection of future orders. They are not organized enough to maintain the required documents for Advance license besides the Advance license is not viable for them because of the small quantities
2. Hence, to help them meet their requirements many SEZ units either trade or manufacture these intermediate goods and supply to DTA based lighting exporters after payment of due Customs duty.
3. These items are used for production of finished goods which are subsequently exported by the DTA based lighting exporters.
4. These items meet safety standards of other countries and their standards do not and in fact cannot match with BIS standards as the standards of every country is based on their requirement and environment which is totally different from India. For example, the thickness of wire of BIS certified wire is much higher than the thickness of wire used in Europe, UK, Australia etc. Countries like USA, Canada and Japan have electric supply at 110 voltage as against 220 voltage in India. Even the pins of the plugs are different from that used in India. Similarly, the plugs of UK, USA, Canada, Japan and Australia have flat pins as against round pins used in India. Hence these plugs cannot be used in India and have to be used in the lightings meant for exports only.
5. In fact, it has been specifically mentioned in para 3 of the QCO dated 17.2.2003, that the QCO will not be applicable in relation to export of these items, which conform to any specification required by the foreign buyer.
6. A unit in joint venture with Taiwan has been set up in Jaipur SEZ with an investment of over 125 crores to supply quality products of wires, cables and lamp holders in accordance to the standards of overseas countries to lighting exporters. At present the said unit has around 200 employees. DGFT notification 71/2023 dated 11.3.2024 has threatened the closure of this company as the unit is not manufacturing electric goods for domestic market but for the DTA MSME exporters.

In view of the above, it is requested that DGFT Notification 71/2023 dated 11.3.2024 may be slightly amended to allow exemption from QCO for DTA clearance of such imported inputs by SEZ unit to DTA exporters with proper undertakings and documentation. An undertaking from DTA buyer and SEZ supplier may be taken that such goods shall be used in the manufacture of export products only. Further, copies of shipping bills confirming the exports may also be required to be submitted subsequently.

It is requested that a meeting may be called urgently under your chair to better appreciate the problem being faced by the SEZ units and DTA MSME handicraft

exporters and to resolve his long pending issue.

With regards,



(Alok Chaturvedi)



Export Promotion Council for EOUs & SEZs
MINISTRY OF COMMERCE & INDUSTRY, GOVERNMENT OF INDIA

Alok V Chaturvedi, IAS(Retd)

Director General,

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----- Forwarded message -----

From: **dg dg** <dg@epces.in>

Date: Mon, 24 Jun 2024 at 17:10

Subject: Exempting Mandatory QCOs on supplies of goods from SEZ/EOU units to DTA exporters to be used in making export products

To: Santosh Sarangi DGFT <dgft@nic.in>

Cc: SBS Reddy ADG Hq <sbsreddy@nic.in>, r.kumar73@nic.in <r.kumar73@nic.in>, <as.lss-doc@gov.in>, VIMAL ANAND <vimal.anand@nic.in>, Senthil Nathan Nathan Director Ministry of Commerce <senthil.nathan@gov.in>

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