



Director General SEZEPC <dg@sezepc.in>

Import Substitution by SEZ units - SEZ to DTA on concessional customs duties - identification of products (HS codes)

1 message

Director General EPCES <dg@epces.in>

16 February 2026 at 16:16

To: "Vimal ANAND JS(SEZ)" <vimal.anand@nic.in>

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Dear Sir

As you are aware, the Hon'ble Finance Minister proposed in her budget speech to facilitate sales by eligible manufacturing units in SEZs to the Domestic Tariff Area (DTA) at concessional duty rates. The quantity of such sales will be limited to a prescribed proportion of their exports. Necessary regulatory changes will be undertaken to operationalise these measures while ensuring a level playing field for the units working in the DTA.

EPCES feels that in most countries, supplies from SEZs to DTA are allowed for **all products** on payment of customs duties equivalent to the benefits availed on inputs consumed in those goods. Therefore, there is no complex mechanism where only certain goods are allowed to be supplied to DTA and only at different prescribed customs duties. The budget proposal may increase complexity and contradict the Government's ease of doing business initiative.

However, keeping in view the budget proposal, EPCES has made a quick study of imports by India under different FTAs/PFTAs at zero/concessional customs duties. EPCES has identified goods from this list that are also manufactured in SEZs. It is recommended that concessional customs duties (zero or otherwise) applicable to the country/region from where major imports originate should be applied to goods supplied from SEZ to the DTA. This will help in import substitution and manufacturing of goods in India, leading to investment and job creation.

The list, along with the detailed working sheet and key assumptions is attached.

It is requested that the above proposal may kindly be considered while finalising the list of goods and concessional customs duties on supplies from SEZ to DTA.

With regards

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2 attachments