EPCES
Goverment Of India

Director General EPCES <dg@epces.in>

Requesting for Permission to Realise Service Proceeds in INR for Contracts Executed from SEZ to DTA for Indian Armed Forces

Director General EPCES <dg@epces.in> 8 September 2025 at 13:18
To: VIMAL ANAND <vimal.anand@nic.in>
Cc: csoffice@nic.in, ss.lss-doc@gov.in, OSD cum Special Secretary Commerce <rajesh.agrawal@nic.in>, Gaurav Pundir <gaurav.pundir@gov.in>, RSECY@nic.in, prinsec2@pmo.gov.in, rajiv.gauba@gov.in

Dear Sir

Please refer to the trailing email attaching a representation from M/s L&T MBDA Missile Systems Limited, a Joint Venture Company between Larsen & Toubro (L&T) 51%, and MBDA 49%, a world leader in missile systems. It aims to develop and supply missiles and missile systems to meet the growing requirements of the Indian Armed Forces. LTMMSL has established a manufacturing facility in SEZ in Aspen Park Infra Coimbatore Private Limited, Tamil Nadu in FY20.

They have stated that they now intend to undertake maintenance and overhaul services for the existing in-service missile launchers of the Indian Air force (IAF). The legacy missile launchers were supplied by MBDA to IAF for their Mirage 2000 fighter aircrafts in the past and are now due for maintenance and overhaul. In line with the “Make in India” initiative under “Atmanirbhar Bharat”, IAF has asked LTMMSL to undertake this activity in India, thereby enabling skill and competency development within India. LTMMSL has obtained necessary clearances to undertake this work and is expecting to receive Service contracts from IAF for maintenance and overhaul of missile launchers. It is planned to undertake and deliver these services from the existing SEZ Unit to Domestic Tariff Area (DTA) i.e. Indian Air Forces bases. However, as per Section 2(z) of The Special Economic Zones Act, 2005 (SEZ Act), the realisation for services rendered from an SEZ to Domestic Tariff Area are to be received in convertible Foreign Exchange. This is creating problem for LTMMSL as well as IAF.

It is requested that their problem may kindly be resolved either through an immediate clarification followed by amendment in the Act, if required.

With regards,

(Alok Chaturvedi)

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Export Promotion Council for EOUs (Export Oriented Units) and SEZs (Special Economic Zones) (EPCES) is a multi-product Export Promotion Council set up by the Ministry of Commerce and Industry, representing the interests of SEZ units, SEZ developers and Export Oriented Units. It has 5971 members with 4629 SEZ units, 384 SEZ developers and 958 EOUs. In FY 2023-24, total exports of goods and services from SEZs were recorded at US $ 163.69 billion and export of goods from EOUs at 17.2 billion.

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LTMMSL Letter to Commerce Secretary.pdf
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