

 **Representation dated 11.4.2026 from Gujarat CREDO Alumina reg SEZ to DTA on concessional duty.pdf**
234K

 **Representation dated 8.4.2026 from PRIMUS GLOVTS PVT LIMITED reg SEZ to DTA pn concessional duty.pdf**
1820K

Director General SEZEPC <dg@sezepc.in>

11 April 2026 at 16:37

To: "Sh Gaurav Pundir Dir(SEZ)" <gaurav.pundir@gov.in>, "Vimal ANAND JS(SEZ)" <vimal.anand@nic.in>

Cc: "Sh Ajay Bhadoo AS(SEZ)" <astpd-doc@nic.in>, "Sh Prateek BAJPAI, US(SEZ)" <prateekbajpai.moca@nic.in>, ddg
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Dear Sir

Please refer to the Notification No. 11/2026–Customs dated 31.03.2026 regarding sales from SEZ to DTA at a concessional rate.

2. We have received representations from the member SEZ units regarding the inadequate concession provided vide the above notification to have any meaningful impact. Copies of two such representations are attached.

3. The Export Promotion Council for EOUs and SEZs has made an analysis of the concessional rates and the number of units that benefited from the said notification.

4. As per the data for SEZ to DTA supplies available for 2023-24 (2024-25 and 2025-26 SEZ to DTA is not accurately available because of partial implementation of ICEGATE for SEZ), the following points may kindly be considered :

(i) As of now, of total 6,395 SEZ units, there are 1,888 manufacturing units, 4,040 Services units (1,103 Financial Services, 2,937 IT/ITES services) and 467 Trading and Warehousing units.

(ii) An analysis of units which are supplying to DTA for the FY 2023-24 was made based on data made available by NSDL/SEZ Online.

(iii) During 2023-24, a total of 2,352 units (1,042 manufacturing, 1,183 services, 127 trading and warehousing) made DTA sales worth **32,568 Mn USD** (Manufacturing 9,570.9 Mn USD , Services 4,160 Mn USD , Trading and warehousing 18,837.2 Mn USD) in 5440 HSN codes.

(iv) Trading and Warehousing units are not eligible for any concessional duty. Further, Services units also will not be eligible for concessional duty as they are basically supplying laptop/scrap/components to DTA and will not comply with value addition criteria even though their HSN codes have been notified under the HSN code given concessional duty for SEZ to DTA supply. Therefore, focus of analysis has been the manufacturing units under these top 200 HSN codes.

(v) During 2023-24, a total of **1,042** manufacturing units made DTA supplies worth **9,570.9 Mn USD** under different HSN codes.

(vi) Top 200 HSN codes accounted for total **30,300.3 Mn USD** covering **94% of total DTA sales**. They also accounted for **8,837.8 MN USD DTA sale by Manufacturing units**, covering **93% of total DTA sale by manufacturing units**. Therefore, we analyzed the units falling under these top 200 HSN codes. (Summary of analysis attached)

(vii) Under this top 200 HSN code category, **678 manufacturing units made DTA sale worth 8,837.8 Mn USD**. Of this, there is no concession in respect of DTA sale of 5,498.7 Mn USD (62%). Further, DTA sales worth 3,035 Mn USD (34%) was made by manufacturing units in the concessional slab of 1%. Units with only a 1% concession may not be interested in availing this marginal concession because the additional compliance cost will outweigh the benefit. Thus, **DTA sale worth 8,533.7 Mn USD (5498.7+3035) (96 %) by manufacturing units under top 200 HSN code will not be benefitted**.

(viii) In terms of number of SEZ manufacturing units, it is to be noted that of 678 manufacturing units ,aking DTA sale in top 200 HSN codes, there is no concession in respect of DTA sale by 205 (30%) manufacturing units, and only 1% concession in respect of 218 (though total 351, as some will have concession in more than one slab) (32%) manufacturing units. Therefore, a total of **423 (205+218) (62%) manufacturing units making DTA sale in top 200 HSN codes will not be benefitted**.

(ix) Thus, **96.5% of total DTA sale by manufacturing units and 62% of manufacturing units making DTA sale under top 200 HSN codes will not be really benefitted from the current initiative**. Even benefit to manufacturing units for concessional slab of more than 1% will be just **17 MN USD (Rs 158 cr)**. This is in respect of top 200 HSN codes covering 93% of total DTA sale of manufacturing units during FY 2023-24.

5. In view of the above, the following is requested for Government's consideration:

(i) The basis of fixation of concessional custom duties in respect of different HSN codes may kindly be made known for understanding of the Government. The calculation of duty foregone and equalisation duty, if applied, for arriving at the concessional duty in different HSN code may kindly be known to the Industry.

(ii) No equalisation duty is applied in respect of supplies to DTA by SEZs in US, UK, China, Indonesia, Thailand, etc. haing significant DTA markets. SEZ units have to just pay duty forgone (duty paid on inputs consumed in the finished good being sold into DTA)

(iii) This marginal concession (1% or zero concession to maximum units and higher concession to a very few units) will not serve any meaningful purpose for the utilisation of the capacity of the SEZ units.

(iv) SEZ units are engaged in high quality export market / higher end segment of the domestic market. Their competition is not the goods manufactured by DTA manufacturers but the imports made by the traders from FTA countries (ASEAN) or low priced high quality Chinese goods. Therefore, higher concession should be provided in respect of those HSN goods which are being imported (from FTA countries / China) to compete and substitute these imports. The Export Promotion Council for EOUs and SEZs had, vide its emails dated 16.2.2026 and 8.3.2026 (copies attached) had suggested that

(a) All imports from China or imports from different countries under different Trade Agreements at concessional duties should be allowed to be supplied from SEZ to DTA at concessional duties as per FTA (zero duty or concessional duty). In this regard, the proposal as per the email sent earlier on 16.2.2026 may kindly be considered.

(b) All goods from SEZ to DTA in labor-intensive sectors—Textiles and Leather, Footwear—should be allowed on reversal of duties on imported inputs.

(c) All goods in the defense, space, R&D, and high-tech sectors may be allowed to be sold to DTA units including PSUs/Government Agencies (Defense, HAL, ISRO, BEML, DRDO, etc), upon reversal of duties on imported inputs.

(d) SEZ units should be allowed to undertake subcontracting work for DTA units including PSUs/Government Agencies (Defence, HAL, ISRO, BEML, DRDO, etc) in the defense, space, R&D, and high-tech sectors without any linkage to export by amending SEZ Rule 43 as submitted vide EPCES email dated

(e) Payment for supply of services to DTA units, particularly to PSUs/Government Agencies (Defense, HAL, ISRO, BEML, DRDO, etc) in the defense, space, R&D, and high-tech sectors should be allowed in INR.

The Council will be happy to provide any further information, if required.

Regards











Alok V Chaturvedi

DG, EPCES

[Quoted text hidden]

11 attachments

 **EPCES Mail dated 4.3.2026 - Amending SEZ Rule 43 - Sub-Contracting for DTA by SEZ unit(s) particularly Defense_Space_High tech_R&D DTA units.pdf**
123K

-  **EPCES Mail dated 16.2.2026 - Import Substitution by SEZ units - SEZ to DTA on concessional customs duties - identification of products (HS codes).pdf**
135K
-  **EPCES Mail dated 8.3.2026- Implementation of Budget Announcement - SEZ to DTA on concessional customs duties.pdf**
168K
-  **ASSUMPTIONS.docx**
16K
-  **SEZ to DTA Supplies on reversal of duties on inputs - Provisions in China.docx**
48K
-  **SEZ to DTA and other provisions in China, US, UK Vietnam and Indonesia.docx**
101K
-  **Rationalizing SEZ–DTA Integration in Indian SEZs.docx**
29K
-  **HS Codes with Import Substitution Potential SEZ to DTA Sales on Concessional Duty.xlsx**
270K
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-  **Representation dated 8.4.2026 from PRIMUS GLOVTS PVT LIMITED reg SEZ to DTA pn concessional duty.pdf**
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-  **Concession slab wise products and DTA sale value for top 200 HSN codes in respect of DTA Sales FY 2023-24 11.04.2025.xlsx**
14K