

EPCES Welcomes New Commerce Secretary Shri Rajesh Agarwal; Presents Key Industry Issues



EPCES Chairman Shri Badiga Srikanth, Director General Shri Alok Chaturvedi, Vice Chairman Shri Sunil Rallan, and CGC members Shri Vilas Gupta and Shri Sunil Puri called on the new Commerce Secretary, Shri Rajesh Agarwal, in Vanijya Bhawan on 7.10.2025 and handed over a list of important issues relating to EoDB. Joint Secretary Shri Vimal Anand was also present. The Commerce Secretary reviewed the issues and assured the Council that he will go through in detail and will review it regularly during the BoA meetings which will also be conducted outside Delhi. Following issues were presented during the interaction



EoDB Problems faced by SEZs and EOUs

While major reforms such as SEZ to DTA supplies on duty foregone basis and payment in INR for supply of services to DTA, which has been proposed in the SEZ Amendment Bill, there are many EODB problems faced by SEZ and EOU exporters. EPCES and the units concerned have been representing for long, but their resolution is awaited.

Key EODB problems impacting SEZs and EOUs are as follows:

- 1. Import Policy Restrictions should not be applicable to imports by SEZs and EOUs:**

All non-prohibited goods are allowed to be imported into SEZs and EOUs as per SEZ Rule 27(1) (for SEZs) and para 6.01(d) of FTP 2023 (for EOUs). They should apply only when goods are supplied into Domestic Tariff Area (Domestic Market), Therefore, DGFT may issue a general order/notification in this regard. In fact, there is an old order in this regard. But it needs to be issued afresh. Further, import policy restrictions imposed by DGFT/other Ministries (Policy “Restricted” rather than “Prohibited”) (such as Quality Control Orders, MIP, Port restrictions, etc.) should not, ipso facto, apply to imports by SEZs and EOUs and whenever issued, should specifically mention that they will not be applicable to SEZs and EOUs so that Customs may allow such imports into SEZs and EOUs.

Notification no 17/2024-25 dated 11.6.2024 should not be applicable for imports by EOUs in view of FTP Para 6.01(d)(i) as has been done in respect of SEZs vide DGFT Policy Circular no 6/2024-25 dated 19.6.2024. **(email dated 26.6.2024)**

2. Removal of the non-refundable allotment fee for SDF in Noida SEZ

Presently, SDF in Noida Special Economic Zone is allotted to valid Letter of Approval (LOA) holders on a non-refundable allotment fee. This is in addition to the normal allotment charges, such as Security deposit equivalent to one year lease rent, annual lease rent, annual maintenance charges and quarterly water charges. It has been represented by EPCE member units that there is no justification for having a non-refundable allotment fee and it should be removed. **(email dated 19.8.2025)**

3. Inclusion of FTWZ in the list of ports permitted to import of new cars

FTWZs are SEZs governed under the SEZ Act and are ports under the Customs Act and have excellent world class warehousing facilities. Operational FTWZs, by virtue of their legal status under the SEZ Act, already function as fully notified Customs stations. However, despite being equipped to handle high-value cargo, including automobiles, they are not presently included in the designated list of 18 Ports/ICDs for import of new cars. FTWZs may kindly be allowed to import and customs clearance of new vehicles through by amending the policy condition 2(II)(d) of Chapter 87 of ITC(HS) 2022, Schedule 1(Import Policy). **(email dated 24.9.2025)**

4. Clarification to be issued to field formations regarding treating contract manufacturing services as services provided under second proviso of Section 13(3) (a) of IGST Act 2017

This is regarding lack of clarity in the field formations about the zero rating of (export of) contract manufacturing services covered under 2nd proviso of Section 13(3)(a) read with Section 2(6) and Section 16(1)(a) of the IGST Act 2017. This has become all the more important now in view of the high additional tariff levied by the US. If, instead of import of components and export of finished goods, the transaction could be export of contract manufacturing services by Indian entities to foreign entities, as they will avoid paying high additional tariffs on export of finished goods to the US. It is requested that a clarification may be issued to the field GST formations as per para 3 above that such contract manufacturing services are covered under 2nd proviso of Section 13(3)(a), IGST Act as the goods (components) are temporarily imported into India for repairs or ***for any other treatment or processes and are exported after such repairs or treatment or process.*** Accordingly, the place of supply of such services as mentioned in the 2nd proviso of Section 13(3)(a) shall be the location of the recipient of services. Furthermore,

in case the location of the recipient of such services is outside India, and other conditions of definition of "export of services" as per Section 2(6) are satisfied, such services should be treated as "export of services". Furthermore, such "export of services" will be Zero rated supply as per Section 16(1)(a). This will also avoid additional high US tariffs on exports of such goods as there is no tariff on export of services. **(email dated 22.9.2025)**. To be done by DoR/CBIC.

5. Issue of guidelines for cancellation of Letter of Approval (LOA) for Non-Operational and Non-Compliant Units in all SEZs including IT/ITES Special Economic Zones

The issuance of these guidelines (ensuring the time bound actions) will not only resolve the current administrative bottlenecks but also enhance the overall efficiency in terms of Ease of Doing business and attractiveness of SEZs as investment destinations. It will ensure that valuable infrastructure and space are utilized optimally for their intended purpose of promoting exports and economic growth. **(email dated 19.9.2025)**

6. Including MOOWR units also in SEZ Rule 53 A:(j) for Net Foreign Exchange Earnings

Supply of goods to other SEZ units and Developers in the same or other SEZs and EOUs is counted towards NFE positive under A:(j) under SEZ Rule 53. Further, goods can be transferred by the SEZ units to bonded warehouses under SEZ Rule 46(13). However, such supply of goods to bonded warehouses is, at present, not counted towards positive NFE under SEZ Rule 53. This has now become important in view of the fact that many units are operating under the Manufacture and Other Operations in Warehouse Regulations (MOOWR), introduced through Notification No. 44/2019-Customs (N.T) dated 19th June, 2019. Many SEZ units supply goods to MOOWR units. In view of the above, it is requested that supply of goods from SEZ units to bonded warehouses including units operating under MOOWR Regulations, 2019 may also be included in A:(j) under SEZ Rule 53. **(email dated 17.9.2025)**

7. Import Monitoring System (Steel and Paper)

- a. The purpose of SIMS / PIMS is to monitor import of Steel/Paper from abroad. This data is already available from DGCIS EXIM Data and can be made available earlier as required. As such, there may not be any need for putting additional burden on importers and exporters by SIMS/PIMS.
- b. Even if these IMS are continued putting hurdles in EODB, they should be enforced only at the time of import from abroad and not at the time of SEZ/EOU to DTA transactions because of the following:
 - i. If imported material has already been registered at the IMS, if the goods made out of it are again registered under IMS, it will lead to double counting of imports.
 - ii. If the goods have been made from domestic steel/paper, even the domestic steel/paper will also be counted in the imported steel which is not correct.
- c. SIMS/PIMS should not be required for small quantities of imports or transfer to DTA

8. Steel Import Monitoring System

- (i) Even if SIMS is enforced, QCO should not be clubbed together with SIMS. QCO is enforced at the time of imports from abroad by Customs in respect of all goods. SIMS should be just import registration system.
- (ii) NOC is being insisted by Steel Ministry before registering under SIMS even in those cases where QCO/IS are not applicable on the imported steel putting additional burden on importers and exporters.
- (iii) QCO should not be there for steel items which are not even manufactured in India.
 - a. SE Forge manufactures tower flanges for wind turbine generators. For this steel has to be imported under HSN Code – 72061090 as this steel in diameter of 600 mm and above is not manufactured in India. SE Forge will have to shut down their SEZ plant
 - b. The steel products(18CrNiMo7-6&42CrMo4) imported by M/s ZF Wind Power Coimbatore for manufacturer of wind turbine gearbox is not available domestically in required sizes(dia200-590mm) and capabilities to meet the quality requirements for manufacturing wind turbine gearboxes (IEC61400/IS16589-2022). BIS-certified suppliers in India have expressed their inability to meet the technical and quality specifications and overseas suppliers typically require 6 to 12 months for certification.
 - c. The availability of indigenously manufactured aerospace grade Steel is negligible. Thus, imports are mandatory. Since usage of Steel in terms of volumes is low in manufacturing of Aerostructures, foreign manufacturers are not keen on getting BIS approvals.
- (iv) QCO exemptions should also be provided to SEZs/EOUs /AA holders for manufacturing goods for deemed exports also.
- (v) Previously system was allowing to add more than one HS code under single BL. Now system allows only one HS code per BL. Therefore, if one consignment arrives with seven HS code, then, now, Units have to pay Rs. 5250/- as registration and processing fees instead of earlier fees of Rs. 750/- only. Besides this this is time consuming as the basic data need to be entered seven times. More than one HS code should be allowed to be entered in single registration under single Bill of Lading.

9. **Streamlining endorsement under Rule 30(4) of DTA invoices by SEZ SO/AO**

- a. **Endorsement only when GST refund**
 95% of DTA supplier have ITC and do not go for refund. There is unnecessary humongous work load for AO for endorsement. Zero-rated supplies are already recorded on the GST portal by both DTA suppliers (outward supply) and SEZ recipients (inward supply). All DTA suppliers issue e-invoices via the GST portal; these same invoices are again uploaded to SEZ Online/ICEGATE, adding no substantive compliance benefit but increasing data governance overhead.
- b. **Need for some sample/risk based rather than 100% invoices examination**
 100% examination of DTA invoices for endorsement by SOs/AOs creates heavy workload per AO/SOs leading to huge delays. Since 100% examination is there, SOs/AOs ask for physical copies of related documents for their satisfaction of such DTA supplies before they endorse the invoices.

This creates another problem. There should be uniform guidelines for some risk-based sample (5-10%) examination of DTA invoices and endorsement of other invoices on self-certification basis to reduce time.

c. **Online instead of physical endorsement**

There should be online endorsement of DTA invoices by the AO/SOs which should be acceptable by GST authorities so that DTA suppliers are able to get the due refund. API based integration of SEZ Online with GSTN should also be completed at the earliest.

10. Export Duty should not be levied on DTA to SEZ Supplies

There is no justification for levy of export duty on DTA to SEZ Supplies. It is not provided under the SEZ Act, and it can't be levied through a Rule. Further HC Gujarat in Essar Steel Ltd vs Union of India have examined it on merit and have rejected it in its order dated 4.11.2009. Recently, Supreme Court vide order dated 2.5.2024 has also dismissed the appeal filed by Government. SEZ units are unable to get the input material from DTA and manufacture finished goods for export (no export duty on finished goods), while DTA units can do the same. This is unfair. Many times, export duty is levied on steel. 30% export duty is levied on chrome Ore/Concentrate while it is used by TUF Metallurgical Pvt Ltd, SEZ unit as input to make ferroalloy – Low Carbon Ferro Chrome (LCFeCr). With 30% duty on input chrome ore/concentrate, their SEZ plant has to be shut down.

11. Advice to AD Banks for allowing advance remittance to SEZ units for direct import of gold from abroad for export purposes

As you are aware, Special Economic Zone units are governed under SEZ Act and SEZ Rules and they are allowed to import goods duty free. They have to pay customs duties on supplies of goods to Domestic market.

Direct import of duty free gold is permitted to SEZ units for export purposes. However, for buying duty free gold from international suppliers, SEZ Units are required to pay in advance. But AD Banks do not have clear instructions to allow advance remittance for purchase of gold from abroad. Earlier MMTC, being a nominated agency, had set up a trading unit and was supplying duty free gold to jewellery units. This was a great relief to the units because of instant off the shelf availability of gold including small quantities. The closure of MMTC has created huge problems for the units. Duty free Gold from the Domestic market (Domestic Tariff Area) is not available. Buying duty paid gold from DTA for export of jewellery purposes does not make sense as it blocks working capital of the units and defeats the advantage of working in SEZ. It is requested that AD banks may kindly be advised to allow advance remittance for purchase of gold from abroad. It is also requested that limit of advance remittance of USD 2,00,000 fixed in Master Circular No 7/2011-12 dated 1.7.2011 with no change in Master Circular No 13/2015-`6 dated 1.7.2015 may kindly be increased at least in case of import of gold as price of gold has increased from USD 1600 per ounce during that time has gone up to about USD 3300 per ounce. To be done by RBI. **(email dated 14.7.2025)**

12. Rollout of ICEGATE in SEZs

For the last one year since rollout of ICEGATE in SEZs on 1.7.2024, SEZ units have faced huge EODB problems. This implementation is against the existing SEZ Rules which is leading to compliance for MNCs. Simple transactions related to export and import from abroad (which have been mandatory) have not yet been streamlined. Following problems are being faced in these transactions

- (i) LEO, Gatepass copies not being received for hours after grant of LEO by officer. Export consignment stuck at SEZ only and cargo trucks keep waiting at SEZs and no proper scheduling can be done for exports
- (ii) lack of facility of filing prior BE and Advance BE by SEZ Units for FCL (Containerised) cargo or LCL/Packaged cargo on ICEGATE which is causing operational disruptions and leading to daily demurrage charges for SEZ Units
- (iii) Lack of facility for automatic sending of TP print to the registered email ID after ETP approval. (Preventive Officer is not allowing clearance of goods without the TP print, even after ETP approval. the TP document is visible online but no print option is available after customs approval.) Due to this issue, containers are getting stuck at the gateway port and are at risk of missing the scheduled vessel. This delay is resulting in serious financial and operational consequences.
- (iv) RoDTEP scrips not getting generated for the SBs filed on ICEGATE. Allow for Shipment is not given automatically by the Gateway Port Officer. It should happen just as it is happening for DTA exporters. This may be because in case of SEZ, ETP(Export Transshipment Permission) is needed to be completed for all SBs filed by SEZ in ICEGATE which is not in case of DTA exporters as the SB is filed on the concerned ICD/ Gateway port itself. Gateway Port officers have to be approached for giving AFS for SEZ SBs. It is very difficult to approach the Gateway Port Officer for 'Allow for Shipment' AFS for SEZ-Units which are located far away from Gateway Port. Gateway Port officers may please be sensitised to give AFS for the SEZ SBs as well. This process needs to be streamlined. There is an additional problem for SEZ exports which go through ICDs. Stuffing report is entered by SEZ Customs in case of FCL cargo and Stuffing report is entered by ICD/Gateway in case of LCL Cargo, However, in case of DTA/EOU the Stuffing Report is done at concerned ICD/Gateway in all cases. This, perhaps, results in further complications for giving AFS for SEZ SBs by Gateway Port Officers. Furthermore, in case of DTA exporters, CHA/forwarders are based on Gateway Ports and they follow up with Gateway Port officers to give AFS. However, ICD Shipments are handed over at ICD to the Shipping Line and CHA/Forwarded do not approach the Gateway port. As a result , in ICD cases, Allow for Shipment is not done by the Gateway Port Officer. There are problems in mapping of EGM filed by the Airlines/Shipping Lines with the SBs both in case of direct and through ICD exports.
- (v) Following modules have also not been developed on iCEGATE properly :
 - a. Courier transactions
 - b. Hand Carriage transactions
 - c. FTWZ transactions
 - d. DTA supply for B2C transactions including e-commerce
 - e. Temporary removal from SEZ units for job work, exhibition, testing, etc.
 - f. DTA procurement
 - g. SEZ supplies from/to warehouse including from/to MOOWR units as well as EOUs

- h. Shipping Bills by SEZ units in case of export through Merchant Exporter as provided under SEZ rule 46(11) for movement of goods from SEZ units to merchant exporters
- i. DTA Supply excluding supply from FTWZ and goods under Chapter 71
- j. Zone to Zone Transfer

SEZ Units have to work on both ICEGATE and SEZ Online systems which is not good from EoDB point of view.

13. IGCR automation in EOUs

EPCES has been constantly taking up with the DoC and CBIC/DG Systems the difficulties being faced by the EOUs in automation of IGCR for EOUs with effect from 25.9.2024. Filing of IGCR3 /3A returns in respect of large no of BEs with many items is very tedious and the IGCR facility hangs. Auto-credit of bond based on IGCR3A and IGCR 3 have not yet been made streamlined. Many units have not received their credit of bond. The whole process is very tedious.

14. Difficulty in implementation of Instruction No 117 dated 24.9.2024 regarding new FTWZ Operational Framework

DoC, vide Instruction No 117 dated 24.9.2024, has issued guidelines for Operational Framework of FTWZ and Warehousing units in SEZs. It has been provided that the units should have a temper-proof ERP/SAP system and the transfer of goods from one FTWZ to another FTWZ should not be allowed except in specific and exceptional cases after consideration by the UAC. FTWZs/Units have represented about the cost implication of these guidelines and that restrictions on FTWZ to FTWZ transfer to be in violation of the SEZ Rules. This needs to be revised.

15. Permitting IT/ITES developers for installation of RoofTop Solar Power plants as part of infrastructure/authorised operations for providing electricity in common areas.

Vide Instructions No 116, the Development Commissioners have been requested to consider such requests from Developers/Co-developers in terms of Para I(i) of the DoC Power Guidelines dated 16.02.2016. However, there is still some lack of clarity in DC offices about declaring rooftops as Non processing area.

16. Including landholders who are part of Joint Development Agreement as Developers

In a number of cases a Joint Developer Agreement is signed between landholders and a real Estate developer firm for development of SEZs. Presently only Real Estate Developers are treated as developer whereas landholders are also part of Joint Development Agreement and they should also be treated as Developers. Clarifications should be issued so that transactions between landholders and Real Estate Developer should also get the benefit of intra SEZ transactions and GST should not be levied on them.

17. Amendment in EOU provisions (Para 6.06(c) (II) and (iii) in line with revised EO periods and provision for extension of EO period specified for spices and herbs for AA vide DGFT PN 19 dated 29.8.2024 (email dated 6.9.2024)

18. Issuance of EBRC by DGFT for exports by FTWZ units on behalf of their foreign clients (email dated 20.1.2025)

M/s ONNSYNEX Ventures (FTWZ) have stated that the issue arises because the SEZ online system (NSDL) captures the Exporter on Record (EOR) at the initial level as Onnsynex Ventures Pvt Ltd (OSV), along with their IEC details, followed by the client's name, address, and their IEC number. However, on the DGFT portal, the exporter is reflected as OSV. Consequently, their client, who has transacted through OSV FTWZ, is unable to obtain the BRC in their name. This, in turn, prevents them from settling payments with their Authorized Dealer (AD) bank, as the BRCs are now generated exclusively through the DGFT portal. A modification in software system may be done to capture the correct information in relation to FTWZ transactions

19. Minor amendments in new SEZ Rule 11B - Only proportionate duty benefits to be returned

Minor Changes in Rule 11B for IT/ITES SEZs should be carried out so that only proportionate duty benefits under Rule 11B (5(ii)) are to be returned for social and commercial infrastructure and no tax benefits under Rule 11B (9) should be ensured only on O&M of proportional common infrastructure and facilities.
