

F. No. 305/ 160/ 97 - FTT

Government of India
Ministry of Finance
Department of Revenue, (FTT Section), New Delhi

Subject : Problems in Electronic Hardware Sector - Simplification of Procedures - Regarding

The Export Promotion Board has been examining problems of Export production and export clearance regularly under the Chairmanship of the Cabinet Secretary. A number of Sectors specific problems were raised in the meeting on 3rd Sept., 1997. These have been examined and it has been decided by the Board as under :

1. There has been request to enable freight consolidation at the time of exports from the electronics hardware sector by the units in the EPZ or EHTP complex. It is clarified that if two or more units in the same EHTP complex or EPZ want to send their goods to the same destination there would not be any objection in the said consolidation.
2. The units have reported that they are not able to partially debond the capital goods from the units. As per notification No. 133/ 94-Cus dated 26.2.94 the capital goods can be debonded with the approval of the AC provided the unit has been so permitted by the Development Commissioner. Debonding of one or more equipment is possible under these provisions. Similar provision also exists in the notification No. 95/ 93-Cus both dated 2.3.93 which apply to the units located in the EHTP Complex and EHTP Units outside the complex. Parallel provisions also exist in Central Excise Notification No. 1/ 95-CE dated 4.1.1995.
3. There have been problems regarding quick disposal of scrapped raw-materials. It is verified that the scrapped or rejected raw material can be re-exported from such units with the permission of the AC. Such materials can also be cleared into DTA on payment of duty with the permission of Development Commissioner and the AC. The destruction of such materials with the approval of AC is presently permitted only in case of unit which are located in EPZ. Similar facility is being provided in the other two notification which apply to units in the EHTP Complex and the units outside the Complex. Parallel provision is also available in notification No. 1/ 95-CE dated 4.1.95 enabling the AC to order such clearance or destruction.
4. There has been request from units to bring goods from abroad for reconditioning, re-engineering, upgradation etc. Under notification No. 133/ 94-Cus which applies to EHTP Units in the EPZ, such facility is available. Similar facility is being incorporated in the Notification No. 95/ 93 -Cus & 96/ 93-Cus for hardware units in the EHTP Complex units and outside EHTP complex.
5. there have been requests to allow replacement of defective exported goods prior to re-import of the originally supplied goods or without re-import of the defective goods. The Department would have no objection if free replacement of the defective exported goods is sent by the importer, provided the exporter submits the GR waiver from the RBI if the shipping bill is not accompanied by the G.R. From.
6. There have been requests for allowing self removal procedure where no imported inputs are used . Presently the SRP facility is available to units who use only indigenous raw material and where input/ output norms are verifiable. The jurisdictional Commissioner of Customs is authorised in terms of F. No. 305/ 105/ 85 - FTT dated 10.6.86 to permit such facility. It is reiterated that the said procedure would be applicable to EHTP Units also.

7. There have been requests for allowing unlimited DTA sales facility to the software unit in the light of Zero duty on import of software. As per notification No. 138/ 91-Cus and 140/ 91-Cus the STP units in the STP complex and the unit outside the complex shall export out of India 100% or such other percentage as may be fixed by the IMSC Committee set up for the approval of these units. Therefore, if the said Committee permits clearance of the said software into DTA, the Customs would have no objection. Presently there is nil rate of import duty on the software and, therefore, it would have no revenue risk.

However, as per the EXIM Policy the electronic hardware products may be sold into DTA either up to the graded percentage based on their NFEP or they can sell up to 5% of the value of their production on an annual basis into DTA without any minimum NFEP stipulation. However the rate of duty under both the options is the same.

The above clarification may be brought to the notice of the Officers working under you specially those dealing with the EHTP units.

Sd/-
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Sr. Technical Officer (FTT)
