

F.No.305/112/2000-FTT
Government of India
Ministry of Finance
Department of Revenue
(Central Board of Excise and Customs)

Sub: Simplification of certain procedures relating to functioning of EOUs/EPZ/STP/ETHP/SEZ Units – Reg.

I am directed to invite your attention to the subject mentioned above and to state that representations have been received from the trade and industry, seeking certain procedural relaxations in the context of the functioning of EOUs and units under EPZ/SEZ/ETHP/STP Schemes. The points raised have been considered by the Government and the following decisions have been taken.

1. Co-relation of Import Consignment with Corresponding Export Consignment:

It has been represented that the EOUs and units in EPZ/EHTP/STP/SEZ using homogenous raw materials find it difficult to co-relate every import consignment with the corresponding export consignment. The matter has been considered and it has been decided that in respect of homogenous goods the 'First-In-First-Out' arrangement may be adopted. Under this procedure a consignment which has been received first, may be deemed to have been utilised first. In such cases, co-relation of every import consignment with the corresponding export consignment may not be required. It may be noted that this procedure is applicable only to EOUs and EPZ/SEZ/EHTP/STP units using homogenous goods. Accounts have however to be maintained by the units as hitherto.

2. Facility to Take out Laptop Computers Outside the Bonded Premises of EOUs and Units in EPZ/EHTP/STP/SEZ.

Vide Circular No.59/2001-Cus, dated 1-11-2001, the units other than software development units under EOU/EPZ/EHTP/STP/SEZ scheme have been allowed to take out laptop/desktop computers not exceeding two in numbers from the bonded premises temporarily for use by their authorised employees subject to the conditions & procedures as envisaged in Board's Circular No.17/98-Cus dated 16-3-98. It has been brought to the notice of the Board that some units require to take out more than two laptop computers for use by their authorised employees. This is especially required in case of EHTP units and the units which have fully automated their operations. The matter has been examined and it has been decided that the jurisdictional Deputy Commissioner or Assistant Commissioner of Customs/Central Excise, as the case may be, will consider requests made in this regard on merits and may allow temporary clearance of more than two laptop computers in deserving cases subject to following the procedure and conditions stipulated in Circular No.17/98-Cus dated 16-3-98. Board's Circular 59/2001-Cus, stands modified to the above extent.

3. Delegation of Powers:

(i) Issue of Procurement Certificate : The EOUs and STP/EHTP/EPZ/SEZ units obtain a procurement certificate from the jurisdictional Assistant/Deputy Commissioner in the format annexed to Board's Circular No.14/98-Cus, dated 10-3-98, for clearing goods duty-free under the relevant exemption notifications at the port of import/airport etc. It has been brought to the notice of the Board that the units have to approach the jurisdictional Assistant/Deputy Commissioner every time for issuance of such certificates and in situations where the office of the Assistant/Deputy Commissioner is situated far away from the EOUs, the representatives of the EOUs have to travel a long distance to obtain the certificates.

In order to mitigate the difficulties of the units it has been decided that henceforth the procurement certificates to the EOUs and units in EPZ/STP/ETHP/SEZ except for those in textile and chemical sectors would be issued by the jurisdictional Superintendent of Customs or Central Excise. However, in respect of units in chemical and textile sector the procurement certificate would continue to be issued by the jurisdictional Assistant/Deputy Commissioner of Customs or Central Excise. The jurisdictional Superintendent before issue of procurement certificate would ensure that the consignment under clearance is covered by the Bond amount.

(ii) Issue of Pre-authenticated CT-3 : The Board vide Circular Nos.24/91-CX-8, dated 1-7-91 & 352/68/97-CX dated 11-11-97, has allowed issuance of pre-authenticated CT-3 form booklet to EOUs for obtaining raw materials free of duty as and when required without seeking permission from Central Excise Authorities every time. In order to further relax this procedure, it has been decided that henceforth pre-authenticated CT-3 to the EOUs except for those in textile and chemical sector may be issued by the jurisdictional Range Officer instead of Assistant/Deputy Commissioner. In respect of EOUs in textile and chemical sector, CT-3 would continue to be issued by jurisdictional Assistant /Deputy Commissioner of Customs or Central Excise.

(iii) Removal of Capital Goods into DTA for Repairs: It has been brought to the notice of the Board that the EOUs are facing difficulties in obtaining permission of the Assistant /Deputy Commissioner for removal of capital goods into DTA for repairs and return thereof. This is stated to be so for those EOUs, which are situated at a distance from the office of jurisdictional Assistant/Deputy Commissioner. Considering the problems being faced by the units it has been decided that henceforth the capital goods may be allowed to be removed by the EOUs/EPZ/EHTP/SEZ units into DTA for repairs and return thereof under the permission of the jurisdictional Range Officer/Superintendent of Customs or Central Excise. In all such cases, post facto approval may be obtained from the jurisdictional Assistant/Deputy Commissioner by the Range Officers/ Superintendents.

4. Procurement of Fuels, Oils and Lubricants for Captive Power Plant/Boiler etc:

Under the present dispensation, import/procurement of fuels, oils and lubricants for captive power plant by EOUs is allowed on the basis of approval given by the Assistant /Deputy Commissioner of Customs. It has been brought to the notice of the Board that the EOUs find it difficult to approach the jurisdictional Assistant/Deputy Commissioner each time they need to import fuels, oils and lubricants for their captive powers plants/ DG sets. To mitigate the problems of the EOUs, it has been decided that henceforth, the jurisdictional Assistant Commissioner/Deputy Commissioner may give one-time permission to the EOUs after assessing the requirement of the units on the basis of consumption of the unit during the previous year. On the basis of this approval the jurisdictional Range Officer would allow import/procurement of fuels, oils & lubricants. This approval would be valid for one year and thereafter fresh approval may be obtained. In case of new units where previous year's consumption norm is not available, the approval may be given every quarter. This arrangement may be adopted for STP/ETHP units also. However, this procedure is not applicable to the EOUs in agriculture & aquaculture sector operating under notification Nos.126/94-Cus, dated 3-6-94/ 136/94-CE, dated 10-11-94 & 196/94-Cus, dated 8-12-94/ 10/95-CE, dated 23-2-95 respectively.

Notification Nos. 53/97-Cus, dated 3-6-97, and 1/95-CE dated 4-1-95 governing duty free import & procurement of goods by EOUs provide that furnace oil for the boilers shall be allowed to be imported or procured on the approval of the Assistant Commissioner/Deputy Commissioner given on the basis of the recommendation of Development Commissioner. It has been decided that henceforth, the approval for import/procurement of furnace oil for boilers would be given annually on the basis of the recommendation of Development Commissioner. The jurisdictional Assistant Commissioner/Deputy Commissioner would assess the annual requirement of unit on the basis of consumption of the unit during the previous year. In case of new units where previous consumption norm is not available, the approval may be given quarterly instead of annually.

5. Warehousing Licence:

The EOU and units in STP/EHTP obtain warehousing licence under section 58 of the Customs Act, 1962. The licence is renewed every year. The system of annual renewal of licence is stated to be causing difficulties inasmuch as capital goods and raw material stock are verified each time before renewing the licence. A request has been made that co-terminus with LOP the warehousing licence should be issued for a period of five years. The matter has been considered, it has been decided that henceforth, the warehousing licence issued to the EOUs and STP/EHTP units would be valid for a period of five years. However, in case of fraud, gross misconduct, suppression of facts etc, action may be taken for cancellation of the licence as per the law.

6. Wide publicity may be given by issue of a Public Notice in this regard.

7. Difficulties, if any, faced in the implementation of the above instructions, may be brought to the notice of the Board at an early date.

Kindly acknowledge receipt of this Circular.