

No.K-43014(16)/9/2020-SEZ
Government of India
Ministry of Commerce & Industry
Department of Commerce
SEZ Division

Udyog Bhavan, New Delhi
Dated the 27th May, 2021

To,

1. Chief Secretaries of All states/ UTs
2. All Zonal DCs, Special Economic Zones.
3. Secretary, Department of Revenue, Govt. of India
4. Secretary, Ministry of Environment, Forest and Climate Change
5. Secretary, Ministry of Textiles
6. DG, Directorate General of Foreign Trade
7. DG, EPCES

Subject: Policy for Used/Worn clothing and Plastic recycling units in SEZs/EOUs.

Sir,

I am directed to refer to the subject mentioned above and to say that Policy for regulating Plastic and Used/ worn clothes recycling units in SEZs were issued on 17.09.2013 and were partially amended vide policy order dated 13.02.2018. Similarly, in case of EOUs order dated 18.05.2018 was issued. On various representations on the policy, the issue got examined in this Department in consultation with all concerned stakeholders and in supersession of extant policy guidelines issued with respect to Plastic and Used/worn clothes recycling units in SEZs/EOUs, following revised policy guidelines for Used/ worn clothes and plastic recycling units are hereby prescribed:

A. Worn and Used Clothing units:

- i. Setting up of new units in SEZ/EOUs is not allowed.
- ii. Extension/renewal of LoA of existing units will be considered for a period of five years by Board of Approval.
- iii. Besides the NFE obligations, the units shall be required to comply with to the extent—
 - a. 66.67% i.e. 2/3rd of the exports in terms of annual turnover and
 - b. 50% in terms of tonnage.
- iv. They shall be allowed to make clearance in DTA, to other SEZ units as well as EoUs as long as they fulfil the NFE and other conditions. Clearance to other SEZ units/EOUs will not be counted towards mandatory minimum physical export obligations.



B. Plastic Recycling units:

- i. Extension / renewal of LoA of existing units will be considered by Board of Approval for a period of 18 months as per notification dated 27.01.2021 issued by MoEF&CC as well as the conditions as laid down by the MoEF&CC. The above condition that the present permission to import the raw material is only for 18 months will be declared upfront so that the existing units may seek extension / renewal factoring in this condition into their business proposal. Such renewal shall also be subject to the condition that the units shall comply with obligations under other legislations as well as compliance with payment of penalty, if any imposed by competent authority under any statute.
 - ii. DoC will propose suitable amendment in SEZ Rules to provide for setting up of new units engaged in recycling of plastic as SEZ units.
 - iii. DGFT will propose suitable amendment in FTP to provide for setting up of new units engaged in recycling plastic as EOUs.
 - iv. Besides the NFE obligations, the units shall be required to comply with to the extent —
 - a. 35% of the exports in terms of annual turnover; and
 - b. 50% in terms of tonnage.
 - v. They shall be allowed to make clearance in DTA, other SEZ units as well as EoUs as long as they fulfil the NFE and other conditions. Clearance to other SEZ units/EOUs will not be counted towards mandatory minimum physical export obligations.
2. This issues with the approval of Hon'ble Minister for Commerce and Industry.

Yours' faithfully,



(Sumit Kumar Sachan)

Under Secretary to the Govt. of India

Tel. 011-2306 2496

Email: sumit.sachan@nic.in