

No. K-22019/1/2018-EOU
Government of India
Ministry of Commerce & Industry
Department of Commerce

Udyog Bhawan, New Delhi
Dated 24th January, 2018

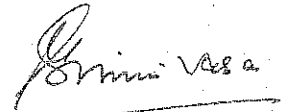
OFFICE MEMORANDUM

Subject: 1st Meeting (2018 series) of the Board of Approval (BOA) for EOU Scheme scheduled to be held on **5th February, 2018** – forwarding of Agenda reg.

The undersigned is directed to forward herewith a copy of Agenda Items for the 1st Meeting (2018 series) of the Board of Approval for EOU Scheme scheduled to be held on **5th February, 2018** at **11:30 A.M.** under the Chairmanship of Commerce Secretary.

2. May kindly make it convenient to attend the Meeting.

Encl: As Above



(G. Srinivasan)

Under Secretary to the Government of India

Tel: 23062496

E-mail: Srinivasan.g@nic.in

1. D/o Industrial Policy & Promotion.
2. CBEC [Member (Customs)], M/o Finance.
3. CBDT [Member(Income Tax)], M/o Finance.
4. DG, DGFT.
5. The Joint Secretary, M/o Environment & Forest.
6. The Joint Secretary, M/o Science & Technology.
7. M/o Micro, Small and Medium Enterprises.
8. All DCs.

Copy to: PSO to CS/PPS to AS(~~SK~~)/PS to Dir (TVR)

AGENDA FOR THE 1st BOA MEETING (2018 SERIES) FOR EOU SCHEME TO BE HELD ON 05.02.2018 AT 11.30 A.M.

.....

1.1 (18) Confirmation of Minutes of the 6th BOA (2017 Series) meeting held on 17.11.2017.

1.2 (18) M/s Modern Insecticides Ltd. – Proposal for conversion of existing DTA unit into 100%EOU

M/s Modern Insecticides Ltd. at Ludhiana, Punjab, a public limited company established in 30.11.1992, has submitted an application for conversion of existing DTA unit, into 100%EOU for manufacture and export of Insecticides/Pesticides, Fungicides, herbicides, Anti-sprouting products.

NSEZ has received antecedent verification of the unit and Directors from VSEZ and FSEZ. Site inspection report from jurisdictional CGST is awaited. The company is achieving the turnover of about Rs. 125.00 crore annually on consistent basis out of which the annual export turnover is of about Rs. 60.00 crore. The company has two star export house status. The company's plan is to expand the capacity of this unit from 9000 MT P.A. to 14000 MT P.A. The export turnover envisaged after expansion of this unit will be around Rs. 150.00 crore.

Year	Export (Rs. In crore)
2014-15	65.98
2015-16	59.50
2016-17	57.76

Projection for next 5 years:

Total Inflow: Rs. 770 Crore

Total Outflow: Rs. 289.65 Crore

Net Foreign Exchange (NFE): Rs. 480.35 Crore

Relevant provision of FTP: As per para 6.19 (c) of FTP 2015-20, applications for conversion into an EOU / EHTP / STP / BTP unit from existing DTA units, having an investment of Rs. 50 crores and above in plant and machinery or exporting Rs. 50 crores and above annually, shall be placed before BOA for a decision.

DC's Recommendation: Proposal of the unit for setting up of 100% EOU has been recommended by DC, NSEZ in view of the facts that unit has already been doing considerable amount of export for last three years.

1.3 (18) M/s Paris Elysees Pvt. Ltd., an EOU under NSEZ- Proposal for permission for consolidation of goods related to manufactured articles

M/s Paris Elysees Pvt. Ltd., an EOU in Jaipur was granted LoP in 2006 for manufacture and export of Eau De Perfumes, Eau De Toilette, Eau De Cologne. The unit has sought permission for exporting 97320 Nos. indigenously procured empty glass bottles to its buyer.

The unit's overseas buyer M/s Parfums De Grasse, Barcellona, in letter dated 08.01.18 to the unit, has submitted that their distributors are facing market competition on account of aggressive discounted perfume sales from China. Therefore, to promote sales of Paris Elysees perfumes with distributors, 97320 Pcs of decorated / printed empty glass bottles valued at USD 18770.68 are proposed to be offered, as trade promotion articles to some of their major traders/ stores who are also engaged in packaging & selling of private label perfumes.

Performance of the unit during current block of 5 years upto 31.03.2017:

- Export – Rs. 152.03 Cr.
- Deemed exports during the period – Nil
- Total Exports - Rs. 152.03 Cr.
- Total imports during the period (CG +RM) – Rs. 77.85 Cr.
- Net Foreign Exchange Earnings – Rs. 74.18 Cr.

Relevant provision of FTP: Para 6.01 (k) of Foreign Trade Policy 2015-20:

BOA may allow, on a case to case basis, requests of EOU / EHTP / STP / BTP units in sectors other than Gems & Jewellery, for consolidation of goods related to manufactured articles and export thereof along with manufactured article. Such goods may be allowed to be imported / procured from DTA by EOU with or without payment of duty and/or taxes as provided at Para 6.01 (d) (ii) and (iii) above, as the case may be to the extent of 5% FOB value of such manufactured articles exported by the unit in preceding financial year. Details of procured / imported goods and articles manufactured by the EOU will be listed separately in the export documents. In such cases, value of procured / imported goods will not be taken into account for calculation of NFE and DTA sale entitlement. Such procured / imported goods shall not be allowed to be sold in DTA. BOA may also specify any other conditions.

Unit's exports during preceding financial year 2016-17 is Rs. 25.26 Cr. and the 5% of the FOB value of exports comes out to the tune of Rs. 1.26 Cr. The value of empty glass bottles proposed to be exported is USD 18770.68 i.e. approx Rs.12.50 lakh which is less than 5% of FOB value of manufactured articles exported by the unit in preceding financial year.

DC's Recommendation: DC, NSEZ has recommended that unit's request for consolidation of bought out items alongwith manufactured articles in terms and conditions specified in para 6.01 (k) of FTP may be considered subject to condition that value of such empty glass bottles should not be more than 5% of export made in preceding financial year.

1.4 (18) M/s. Hindustan Home Needs, an EOU under MEPZ- Proposal for regularisation of second five year period from 1.1.2012 to 31.12.2016 and renewal of third five year period from 1.1.2017 to 31.12.2021.

M/s. Hindustan Home Needs was issued LOP on 14.7.2005 for manufacture and export of cleaning brushes, broom and mops. The unit commenced their commercial activities on 1.1.2007. The unit achieved NFE of Rs. (-) 34.38 lakhs during the first block period. The unit requested for exit from EOU scheme.

Since the unit achieved negative NFE, a Show Cause Notice was issued to the unit on 27.3.2014 for not achieving the positive NFE during the first five year period. A personal hearing was granted to the unit and the unit was asked to pay the duty liabilities of the Central Excise. A letter was sent to the Central Excise authorities on 8.5.2014 to calculate and collect the duties/ taxes from the unit.

The unit vide letter dated 16.8.2016, sought renewal of LOP for the second five year period from 1.1.2012 to 31.12.2016 after 10 months of the expiry of the 2nd five year period. The unit's NFE for the second five year period from 1.1.2012 to 31.12.2016 is Rs. (-) 18.12 lakh Another Show Cause Notice was issued to the unit on 28.2.2017 for not achieving positive NFE during the second block period. During the personal hearing with DC, the unit stated that due to poor world economic scenario, non-conducive domestic conditions including frequent power cuts which had affected their productivity and had made their products in-competitive in world market that has resulted in not achieving positive NFE.

The unit was adjudicated by the Development Commissioner and the Order in Original imposing a penalty of Rs.10,000/- each for the above two periods was issued on 22.8.2017. The unit remitted the penalty amount of Rs. 20,000/- by way of DD to the Govt. a/c.

The unit vide letter dated 23.11.2017, requested to renew their LOP for third five year period from 1.1.2017 to 31.12.2021. The projections submitted by the unit is detailed below:

Export - Rs. 220 lakhs

FE Outgo - Rs. 151 lakhs

NFE - Rs. 69 lakhs

They have stated that the world market is slowly picking up and have envisaged to fight all odds and emerge out successfully from their existing situation and to achieve positive NFE.

The unit has submitted the purchase order copies of three companies from Dubai, Singapore and Sharjah for a total value of around USD 28152 (Rs. 18.21 lakh) to MEPZ. It is further stated in the proposal that the unit is confident in achieving positive NFE and the demand for their products are increasing day by day.

Relevant provision of FTP: As per para Para 6.01(b)(i) of HBP 2015-20:

"On completion of approval period as provided for in Paragraph 6.05 of FTP, it shall be open to unit to continue under scheme or opt out of scheme. Where unit opts to continue, DC will extend approval period. If no intimation in this regard is received from unit within a period of six months of expiry of approval period, DC will take action, suo motu, to cancel approval under EOU scheme and take further action in this regard. Where units give their option to continue after expiry of six months as stipulated above, DC will grant extension after obtaining approval of BOA".

DC's Recommendation: DC has recommended the proposal for regularisation of second five year period from 1.1.2012 to 31.12.2016 and renewal of third five year period from 1.1.2017 to 31.12.2021

PART II

Approval granted by Development Commissioner Under Delegated Powers for RATIFICATION OF BOA as per Press Note No. 3 of 1995

A	Approvals granted under delegated powers for the period November, 2017 to December, 2017	VSEZ
B	Approvals granted under delegated powers for the period October, 2017 to December, 2017	KASEZ