

No.14/3/2017-EOU
Government of India
Ministry of Commerce & Industry
Department of Commerce

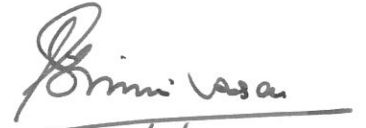
Udyog Bhawan, New Delhi
Dated 5th May, 2017

OFFICE MEMORANDUM

Subject: 3rd Meeting (2017 series) of the Board of Approval (BOA) for EOU Scheme scheduled to be held on **12th May, 2017** – forwarding Agenda reg.

The undersigned is directed to forward herewith a copy of Agenda Items for the 3rd Meeting (2017 series) of the Board of Approval for EOU Scheme scheduled to be held on **12th May, 2017 at 11:00 A.M. in Room No. 47, Udyog Bhawan, New Delhi** under the Chairmanship of Commerce Secretary.

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


05/5/17

(G. Srinivasan)

Under Secretary to the Government of India

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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(AVC)/PS to Dir (TVR)

**AGENDA FOR THE 3rd BOA MEETING (2017 SERIES) FOR EOU SCHEME TO BE
HELD ON 12.05.2017 AT 11.00 A.M.**

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3.1 (17) Confirmation of Minutes of the 2nd BOA (2017 Series) meeting held on 08.03.2017.

3.2 (17) M/s Venture Metal Products (P) Ltd., an EOU under MEPZ – Proposal for renewal of LoP.

M/s Venture Metal Products (P) Ltd. was issued LoP dated 19.05.2004 for setting up of an EOU for manufacture and export of Table Kitchen, Coffee Machine and other House Hold Articles made of Stainless steel. The company commenced commercial production on 10.08.2004. The unit decided to exit from EOU Scheme in 2013 and the performance of the unit for the second five year block period from 11.08.2009 to 30.09.2013 was reviewed and it was found to be NFE negative. The unit paid the penalty imposed for the non-achievement of positive NFE vide challan dated 14.02.2014.

The validity of the LoP expired on 10.08.2014 and the unit did not apply for renewal since it requested for exit from EOU Scheme. Meanwhile, the unit's earlier representation for modification of wastage norms for the product viz coffee/tea filter with kettle pot – capacity 2 cups, 4 cups, 6 cups and 8 cups was fixed as 48.12% by the Norms Committee in their meeting No. 22/81 dated 09.02.2016. After the ratification/modification of wastage norms for their product, the unit applied for renewal of LoP for the next block of 5 years.

The proposal of the unit for renewal of LoP was considered by BoA in its meeting held on 09.11.2016 and BoA made the following decision on the proposal:

“The Board, after deliberations, decided to approve the proposal of M/s Venture Metal Products (P) Ltd, an EOU under MEPZ for renewal of LoP for the third five year block from 11.08.2014 to 10.08.2019 subject to DC, MEPZ obtaining details of proportional duty forgone on the account of negative NFE of the unit during block period 2009-10 to 2013-14 from Central Excise Authorities and payment of the same by the unit”.

The matter was re-examined by DC, MEPZ and it was observed that since the NFE was calculated considering the exit of the unit from EOU Scheme, the benefit of amortisation of capital goods was not given to the unit and therefore, NFE earned by the unit was (-) Rs. 52.63 lakhs. In case of extension of LoP, the unit will be eligible for amortisation of capital goods and accordingly, the NFE calculated for 2nd block period is positive with Rs. 64.11 lakhs.

MEPZ have informed that since the unit is NFE positive, the need for payment of proportionate duty forgone on the unachieved portion of NFE does not arise and LoP of the unit may be renewed for the next block of 5 years from 11.08.2014 to 10.08.2019 with NFE projection of Rs. 16.56 crores.

Relevant provision of FTP: As per para 6.01(i) of HBP 2015-20, where units give their option to continue after six month of completion of approval period, DC will grant extension after approval of BOA.

DC's Recommendation: DC, MEPZ has recommended the proposal of the unit for renewal of LoP for the block period of 5 years from 11.08.2014 to 10.08.2019.

3.3 (17) M/s. The Alleppey Company Ltd., an EOU under MEPZ – Proposal for renewal of LoP.

M/s The Alleppey Company Ltd., an EOU located in Kanyakumari, was issued LoP dated 09.09.2009 for manufacture and export of Sisal Yarn. The unit commenced production on 15.07.2011 and found to be NFE negative of Rs. 123.62 lakhs for the first block period of five years. The unit paid the penalty for non achievement of positive NFE and applied for renewal of LoP.

Since the unit achieved negative NFE, the proportionate duty forgone has to be recovered by the jurisdictional Central Excise Authorities, based on the report to be sent by the DC with regard to non-fulfilment of Export Obligation. The recovery of duty is pending with jurisdictional C. Ex Authorities and the unit has not been able to get clearance from them.

DC, MEPZ have informed that Para 6 of Circular No. 12/2008 – Cus dated 24.07.2008 does not clarify as to whether the LoP of the unit can be renewed for the next 5 years, pending recovery of duty by the jurisdictional C. Ex Authorities. It is stated that the delay in assessment of the duty to be recovered and the consequent delay in renewal of LoP by MEPZ has affected the operations of the unit.

DC's Recommendation: DC, MEPZ has recommended the proposal of the unit for renewal of LoP for the block period 2016-17 to 2020-21.

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 month February, 2017 to April, 2017	NSEZ
B	Approvals granted under delegated powers for the period January, 2017 to March, 2017	KASEZ
C	Approvals granted under delegated powers for the period February, 2017 to April, 2017	SEEPZ
D	Approvals granted under delegated powers for the period March, 2017	VSEZ
E	Approvals granted under delegated powers for the period March, 2017 - Nil	FSEZ