

File No. K-22019/7/2019-EOU
Ministry of Commerce & Industry
Department of Commerce
EOU Section

Udyog Bhawan, New Delhi
Dated: 20th Dec, 2019

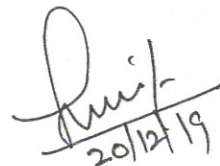
MEETING NOTICE

Subject: 7th Meeting (2019 series) of Board of Approval (BOA) for EOU Scheme scheduled to be held on 03.01.2020 in Room No.108 at 11:00 A.M. - forwarding of Agenda reg.

The undersigned is directed to forward herewith a copy of Agenda items of the 7th Meeting (2019 series) of the Board of Approval (BOA) for EOU scheme scheduled to be held on 03.01.2020 at 11.00 A.M. under the Chairmanship of Commerce Secretary in Room No.108, Udyog Bhawan, New Delhi.

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

Encl: As Above



(Sumit Sachan)

Under Secretary to the Government of India

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1. Department for Promotion of Industry and Internal Trade (DPIIT).
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/PS to AS(BBS)/PS to DS (SNS).

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AGENDA FOR THE 7th BOA MEETING (2019 SERIES) FOR EOU SCHEME TO BE HELD ON 03.01.2020 at 11:00 A.M. in Room No. 108.

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7.1 (19) Confirmation of Minutes of the 6th BOA (2019 Series) meeting held on 15.11.2019.

7.2(19) M/s Mylan Laboratories Ltd., EOU under VSEZ – Proposal for renewal of validity of LOP for one year i.e. upto 13.12.2020.

The unit had been issued LOP on 14.12.2015 for manufacture and export of various pharmaceutical formulations Products (Tablets and Capsules). LOP of the unit was initially valid upto 14.12.2017. Subsequently, LOP was renewed upto 14.12.2018 and further extended upto 13.12.2019. The EOU is yet to implement the project and commence production.

The unit has requested for renewal of LOP for one more year on the following grounds:

- a) Scarcity of demand for the earlier product has promoted them to choose alternative product.
- b) They have identified new products, and the data generated in the process is to be submitted to the regulating agency of the emerging countries.
- c) They have submitted the data to the respective agency, and they are supposed to visit their site for an Audit, and they are waiting for the same.
- d) Based on the approvals and audit report from the local and outside regulatory agencies, the commercial manufacturing will be commenced.

Relevant Provision: As per para 6.01(b) of HBP 2015-20:

On approval, a Letter of Permission (LoP)/Letter of Intent (LoI) shall be issued by DC/designated officer to EOU/EHTP/STP/BTP unit. LoP/LoI shall have an initial validity of 2 years to enable the unit to construct the plant & install the machinery and by this time the unit should have commenced production. In case the unit is not able to commence production in initial validity of 2 years, an extension of one year may be given by the DC for valid reasons to be recorded in writing. Subsequent extension of one year may be given the Unit Approval Committee subject to condition that two thirds of activities including construction, relating to the setting up of the unit are complete and Chartered Engineer's certificate to this effect is submitted by the unit. **Further extension, if necessary, will be granted by the Board of Approval.** Once unit commences production, LoP/LoI issued shall be valid for a period of 5 years for its activities. This period may be extended further by DC for a period of 5 years at a time.

DC's Recommendation: DC, VSEZ has recommended the renewal of validity of LOP for one more year i.e. upto 13.12.2020.

APPEAL

M/s Polycraft Exports Pvt. Ltd., EOU under CSEZ– Appeal against the decision of Unit Approval Committee (UAC) rejecting application for renewal of LOP.

The unit had been issued LOP No. 01/20/2004:PER:EOU:CSEZ dated 27.04.2004 by DC, CSEZ for manufacture and export of Polymerized Iron Oxide i.e. toner. During the year 2005, the unit had imported Capital Goods, indigenous goods and raw materials to the tune of Rs. 2,56,35,232/-. The unit started its commercial production w.e.f. 01.07.2007.

However, the unit submitted that no worthwhile progress could be made due to global recession, cheaper goods of Chinese origin flooded the world market, repayment of loans availed from financial institutions for establishing the unit, categorize accounts as NPA for non-payment of loans. Over this period their full efforts were diverted towards paying up debts.

In the absence of export orders and temporary suspension of production activities, the unit was not in a position to export goods and file the mandatory returns. Therefore, the unit could not meet the NFE criteria for the 1st five years block period.

Subsequently, DC, CSEZ had issued a SCN dated 19.09.2012. The unit submitted their reply dated 04.10.2012. The unit was also granted an opportunity of personal hearing on 06.12.2012 before DC. During the hearing, MD of the unit reiterated the submissions made in their reply to SCN.

Further, vide order dated 09.01.2013, DC had imposed a penalty of Rs. 10 lakh for not fulfilling the conditions imposed in the LOP and Rs. 15,000/- for not filing APRs. The LOP however extended subject to performance.

Aggrieved by the DC's order, the unit had filed an appeal before the Appellate Committee, D/o Commerce. Vide order dated 15.01.2014, Appellate Committee had reduced the penalty to Rs. 5 lakh. In this regard, the unit vide letter dated 02.05.2019 & 02.08.2019 submitted the penalty imposed on the unit in the form of Demand Draft.

The 2nd five year block period of the unit was expired in 2017. The unit vide letter dated 03.06.2019, has applied to DC for renewal of their LOP for the third block. The unit also intimated DC that they have following importers who are interested in their product:

- a) International Trading Co. Ltd. LLC Dubai
- b) TLS International, Singapore
- c) Tomoegawa Co. Ltd., Hongkong
- d) AL FARAEENAH used elect divices llc Dubai,
- e) AL RAFA office equip llc Dubai etc

The unit has also submitted the followings to DC in support of their application for renewal of LOP:

- a) Chartered Engineer's certificate dated 07.08.2019 intimating installed imported machinery can be used for manufacturing purpose.
- b) copy of approval/permission given by the Pollution Control Board, Karnataka dated 16.10.2019 to carry out the manufacturing process intended for.
- c) also upgraded the Electric cubical meter for the production activity.

However, the Unit Approval Committee held on 30.10.2019 rejected the application of the unit on the basis that the unit had not achieved positive NFE in any of the block period.
The same was informed to the unit vide letter dated 11.11.2019.

In view of the above, the unit has filed an appeal before BOA to consider their request and grant extension of LOP.

Relevant Provision: Para 6.01(i) of HBP 2015-20 mentions that "if the unit gives their option to continue in the EOU scheme after expiry of 6 months of the LOP, DC will grant extension after obtaining approval of BOA".

In the instant case, the LOP was expired in 2017. As per para 6.01(i) of HBP, such proposals may be considered by Board of Approval for extension of LOP after expiry of 6 months. The present proposal was considered by UAC held on 30.10.2019 and rejected the application of the unit. Accordingly, Unit has filed an appeal before BOA.

THE FIRST PART OF THE HISTORY OF THE
CITY OF LONDON, FROM THE
BEGINNING OF THE CITY, TO THE
PRESENT TIME, IN TWO VOLUMES.

BY SAMUEL JOHNSON, ESQ.

IN TWO VOLUMES. THE FIRST
CONTAINING THE HISTORY OF THE
CITY, FROM THE BEGINNING OF THE
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THE SECOND CONTAINING THE
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