

No. F.2/5/2018-SEZ
Government of India
Ministry of Commerce and Industry
Department of Commerce
(SEZ Section)

.....

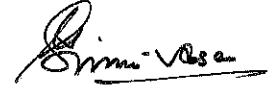
Udyog Bhawan, New Delhi
Dated the 29th October, 2018

OFFICE MEMORANDUM

Subject: Supplementary Agenda II for the (85th) Meeting of the Board of Approval on Special Economic Zones (SEZs) scheduled to be held on 2nd November, 2018 at 11.00 A.M in Room No. 108 Udyog Bhawan, New Delhi – Forwarding supplementary agenda II thereof.

In continuation of this Department's O.M of even number dated 26th October, 2018 the undersigned is directed to forward herewith the **Supplementary Agenda II** for the 85th meeting of the Board of Approval for SEZs scheduled to be held on 2nd November, 2018, for information and necessary action. Copy of the supplementary agenda II has also been hosted on the website: www.sezindia.nic.in. The addressees located outside Delhi are requested to download the supplementary agenda II from the above mentioned website.

2. The addressees are requested to make it convenient to attend the meeting.



(G. Srinivasan)

Under Secretary to the Government of India

Tel: 2306 2496

Email: srinivasan.g@nic.in

To

1. Central Board of Excise and Customs, Member (Customs), Department of Revenue, North Block, New Delhi. (Fax: 23092628).
2. Central Board of Direct Taxes, Member (IT), Department of Revenue, North Block, New Delhi. (Telefax: 23092107).
3. Joint Secretary, Ministry of Finance, Department of Financial Services, Banking Division, Jeevan Deep Building, New Delhi (Fax: 23344462/23366797).
4. Joint Secretary, Department of Industrial Policy and Promotion, Udyog Bhawan, New Delhi.
5. Joint Secretary, Ministry of Shipping, Transport Bhawan, New Delhi.
6. Joint Secretary (E), Ministry of Petroleum and Natural Gas, Shastri Bhawan, New Delhi
7. Joint Secretary, Ministry of Agriculture, Plant Protection, Krishi Bhawan, New Delhi.
8. Ministry of Science and Technology, Sc 'G' & Head (TDT), Technology Bhavan, Mehrauli Road, New Delhi. (Telefax: 26862512)
9. Joint Secretary, Department of Biotechnology, Ministry of Science and Technology, 7th Floor, Block 2, CGO Complex, Lodhi Road, New Delhi - 110 003.

10. Additional Secretary and Development Commissioner (Micro, Small and Medium Enterprises Scale Industry), Room No. 701, Nirman Bhavan, New Delhi (Fax: 23062315).
11. Secretary, Department of Electronics & Information Technology, Electronics Niketan, 6, CGO Complex, New Delhi. (Fax: 24363101)
12. Joint Secretary (IS-I), Ministry of Home Affairs, North Block, New Delhi (Fax: 23092569)
13. Joint Secretary (C&W), Ministry of Defence, Fax: 23015444, South Block, New Delhi.
14. Joint Secretary, Ministry of Environment and Forests, Pariyavaran Bhavan, CGO Complex, New Delhi – 110003 (Fax: 24363577)
15. Joint Secretary & Legislative Counsel, Legislative Department, M/o Law & Justice, A-Wing, Shastri Bhavan, New Delhi. (Tel: 23387095).
16. Joint Secretary, (Justice-I), Department of Legal Affairs, M/o Law & Justice, New Delhi (Tel: 2338 3037).
17. Secretary, Department of Chemicals & Petrochemicals, Shastri Bhawan, New Delhi
18. Joint Secretary, Ministry of Overseas Indian Affairs, Akbar Bhawan, Chanakyapuri, New Delhi. (Fax: 24674140)
19. Chief Planner, Department of Urban Affairs, Town Country Planning Organisation, Vikas Bhavan (E-Block), I.P. Estate, New Delhi. (Fax: 23073678/23379197)
20. Director General, Director General of Foreign Trade, Department of Commerce, Udyog Bhavan, New Delhi.
21. Director General, Export Promotion Council for EOUs/SEZs, 8G, 8th Floor, Hansalaya Building, 15, Barakhamba Road, New Delhi – 110 001 (Fax: 223329770)
22. Dr. Rupa Chanda, Professor, Indian Institute of Management, Bangalore, Bennerghata Road, Bangalore, Karnataka
23. Development Commissioner, Madras Special Economic Zone, Chennai
24. Government of Tamil Nadu, Principal Secretary (Industries), Fort St. George, Chennai – 600009 (Fax: 044-25370822).

Copy to: PPS to CS / PPS to AS (BBS) / PA to DS (SNS).

Supplementary Agenda II for the 85th meeting of the Board of Approval to be held on 2nd November, 2018 at 11.00 A.M. in Room No. 108 , Udyog Bhawan, New Delhi

85.12 Request of M/s L&TMBDA – Grant of Provisional LOA to M/s L&TMBDA under MEPZ pending obtaining licence under Arms Act, 1959 for setting up of SEZ Unit.

DC, MEPZ has forwarded an application dated 23.10.2018 M/s L&TMBDA Missile System Limited (register office at L&T House, Ballard Estate, Mumbai – 400001) for setting up of an SEZ Unit at Aspen Infra Limited, Engineering Products & Services SEZ at Coimbatore, Tamil Nadu, which would be involved in assembly, integration, functional testing on Missile sub-system and Missile weapon systems. The application received by DC MEPZ from M/s L&T MBDA is in the prescribed format (Form F) for issue of LOA prescribed in Rule 17 of SEZ Rules, 2006.

DC, MEPZ has stated that the proposal was placed before the UAC of MEPZ on 7.09.2018 and after examining the proposal, the committee found the proposal eligible for approval. However, committee noted from the proceedings of the meeting of the 83rd BOA for SEZs held on 19.06.2018 when it was decided that proposals for grant of manufacture of items covered under the Arms Act, 1959 by SEZ Units may be considered and approved by the BOA, after which, the Secretary, DIPP would consider issuing of Licence under the Arms Act, 1959. DC MEPZ has stated that since the products proposed to be manufactured by L&T MBDA Missile System Limited in their SEZ Unit falls under the purview of Arms Act, 1959, the Committee was of the opinion that the applicant company should obtain Licence from Secretary, DIPP through the BoA.

DC MEPZ has further stated that the applicants made a request during the UAC Meeting held on 27.09.2018 to consider grant of LOA pending the grant of licence under the Arms Act, 1959 by DIPP, in order to enable them to start the construction activities of the unit immediately. They have also assured that the manufacturing activities will not be started until the grant of licence by DIPP.

Specific issue on which decision of BOA is required by DC MEPZ

As the proposal involves grant of an Licence under Arms Act, 1959 by DIPP, the matter is placed before BOA for a decision. BOA may also consider the request of the applicants for grant of LOA pending the grant of Licence under Arms Act, 1959 by DIPP.

Relevant provisions of SEZ Act, 2005 and SEZ Rules, 2006

As per Section 9 (2) (e) of the SEZ Act, 2005, the Board of Approval is competent to grant Industrial License to SEZ Units. Further as per Rule 19(2) of SEZ Rules, no approval shall be granted by the Approval Committee in those cases which fall within the competence of the Board of Approval. Further, the BOA is not delegated with powers to grant a License for manufacture of items requiring license under Arms, Act, 1959. As per delegation notified by the

Ministry of Home Affairs under the Arms Act, 1959 Secretary DIPP is vested with power to issue licence for manufacture of items covered under the arms act. As several proposal for grant of licence under the Arms Act to SEZ units were pending in the Dept. of Commerce, the issue was discussed during the 83rd Meeting of the BOA held on 19.6.2018. It was decided that any proposal requiring grant of license for manufacturing items in SEZs under the Arms Act, 1959 would be approved by the BOA and thereafter referred to the Secretary DIPP for issuance of the License as only Secretary DIPP was delegated with powers to issue such license under the Arms Act, 1959.

It is to be further pointed out that for the grant of Industrial Licence under the Industrial Development and Regulation (ID&R) Act, 1951 as well as for grant of licence under the Arms Act, 1959 in SEZs the following procedures are applicable:-

- (a) The unit is required to file an application in the format prescribed by DIPP for grant of IL along with details of directors of the unit in the format prescribed by Ministry of Home Affairs for grant of security clearance.
- (b) Deposition of application fees of Rs 2500 through Demand Draft.
- (c) The completed application form is circulated to Department of Defence production, Ministry of Home Affairs, Ministry of Civil Aviation, State Govt. concerned and the Development Commissioner concerned for vetting the NFE projections made by the unit.
- (d) Once clearances from the above agencies are received, the matter is placed before the BOA for its consideration
- (e) In case of grant of IL the decision of the BOA is conveyed to the DC concerned for issue of LOA.
- (f) In case of grant of license under the Arms Act, 1959, after BOA approves, all the documents are forwarded to DIPP for issue of licence under Arms Act, 1959. After issue of licence by DIPP, DC concerned can issue LOA to the unit.

It is to be mentioned that M/s L&TMBDA has neither made an application for grant of licence under the Arms Act, 1959 nor deposited the requisite fees for processing the proposal for grant of License.

DC's Recommendation:- DC, MEPZ has recommended issue of provisional LOA to the unit pending grant of licence under Arms Act, 1959.

Proposal of DC MEPZ to issue LOA to the Unit pending grant of licence under Arms Act, 1959 is placed before the BOA for consideration and appropriate recommendations.
