

F.No. C-4/1/2010-SEZ
Government of India
Ministry of Commerce and Industry
(Department of Commerce)

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Udyog Bhavan, New Delhi.
Dated the 4th March, 2010

To

All Development Commissioners

Subject: Procurement, Import and Export of Prohibited and Restricted Goods - regarding

Sir,

As per present Foreign Trade Policy, SEZ units cannot export "prohibited items of exports". However, they do not require any permission to export "restricted items of export". To appreciate perspective and the background of this Policy, interactions with the O/o DGFT revealed that prohibitions on exports is imposed keeping the National requirements in view. Therefore, SEZ units should not be permitted to procure these items from domestic area and export the same.

References have been received from units to permit them to import raw-materials to make such finished products whose export, at present, is prohibited. Since inputs were not procured from Domestic Area, their suggestion was that the policy on prohibition of exports should not apply to them. In terms of the provisions of the Foreign Trade Policy, an item whose import is restricted can be imported under Customs Bond for export, export of imported logs/timber is not prohibited. Hence, these exceptions in the Foreign Trade Policy are, at par, with the suggestion of the units.

Keeping the above in view, it has been decided that SEZ units should be permitted :

- (i) to export prohibited items, provided they import raw-material for the same. However, each such case will be placed before BOA for approval so that views of DGFT, DoR and others can be considered before taking a decision.

- (ii) In respect of items which are prohibited for import, SEZ units will be permitted to import the same provided they export goods made out of the same. As in the case of exports, each such case will be placed before BOA for consideration and approval.
- (iii) In respect of supply of Restricted Items by a DTA unit to SEZ Developer/Unit, the DTA unit can supply such items to a SEZ Developer or unit for setting up infrastructure facility or for setting up of a unit. It can also supply raw material to SEZ unit for undertaking a manufacturing operation except refrigeration, cutting, polishing and blending. However, it will require prior approval of BOA.

Yours faithfully,

Sd/-

(T. Srinidhi)

Director

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