

APPENDIX – 14-I-C

SECTOR SPECIFIC REQUIREMENTS FOR EOUs

(Please see Para 6.2.2 and 6.15 of HBP Vol. 1)

(1) Coffee

Export of imported coffee shall be subject to approval from Coffee Board under relevant Act.

(2) HIGH GRADE IRON ORE

Proposals for export of High-Grade Iron Ore i.e. 64% Fe and above, except iron ore of Goa origin and Redi origin are presently canalized through MMTC and its exports would be subject to approval of the BOA.

(3) POLYESTER YARN:

- (i) No job work with EOU/DTA/SEZ unit shall be permitted. However, this shall not be applicable to units who intend to send the fabric {made out of Polyester (or) texturised yarn within the unit} for job work to EOU/DTA/SEZ unit for dyeing of the fabric.
- (ii) None of the units making polyester yarn – existing or new – shall be permitted to do exports through third party and they have to export directly.

(4) SALE OF SURPLUS POWER:

The following procedure shall apply in regard to sale of surplus power by EOU units:-

- (i) Henceforth whenever the Development Commissioner receives proposals for sale of surplus power, it would be examined in consultation with the State Government, including State Electricity Board. The Development Commissioner will report the norms of raw materials and consumables required for generation of a unit of power for consideration and approval by the Board of Approval.
- (ii) No duty shall be required to be paid on sale of surplus power from an EOU unit to another EOU/SEZ unit. Development Commissioner of SEZ concerned would be informed in writing of such supply and proper account of the consumption of raw material would be maintained by the supplying unit. The value of imported inputs and consumables shall be taken into account for NFE calculations of the supplying unit.
- (iii) The unit will obtain permission of the Assistant Commissioner of Customs/Central Excise for sale of surplus power in the DTA, after obtaining permission from the SEBs under the relevant statute. Duty on sale of power to the DTA shall be as per the Notification of the Department of Revenue in this regard.
- (iv) Due care shall be taken by the Development Commissioner / Board of Approval while approving the power plants by EOU units vis-a- vis their actual requirement.

(5) Guidelines for the existing Plastic units

The following shall be guidelines for the existing plastic units under EOU scheme: -

- (i) Extension of LOP of the existing units under EOU Scheme may be granted based on the terms & conditions of earlier LOP.
- (ii) No enhancement of the production capacity be allowed to units which are utilizing plastic waste/scrap.

- (iii) Relocation of the existing units from one Zone to another will be approved on case to case basis.
- (iv) EOU units be exempted from the purview of Public Notice No. 392 dated 1.1.1997 regarding restrictions on physical forms & sizes and inspection would be done by Zone. However for any supply into DTA, all conditions of public notice will apply.
- (v) Existing units shall make physical exports as may be stipulated by BOA.

(6) NON ITA-I ITEMS THAT MAY BE SOLD IN DTA

Following non-ITA-I items may be sold in the DTA in terms of para 6.9(g) of the Chapter 6 of the Foreign Trade Policy:

- (i) Colour Display Tubes(CDT) for monitors

(ii) Deflection components for colour monitors

7. Textiles :

Activities pertaining to reprocessing of garments/ used clothing /secondary textiles materials / clipping/ rags/ industrial wipers/shoddy wool/ yarn/ blankets/ shawls and other recyclable textile materials will not be allowed under EOU schemes.

(8) TEA:

In case of Tea, a minimum value addition of 50% shall be insisted upon.

(9) Segregation Activities

Segregation activities are not covered under the definition of "manufacture" w.e.f. 1.4.2002. This activity will, however, be allowed to continue in respect of units set up prior to 1.4.2002 for a period of five years from the date of commencement of commercial production. The necessary inputs would also be allowed with exemption benefits as per the existing policy. However, the facility of DTA sale under para 6.8 or 6.9 of FTP shall not be allowed.

(10) Spices (covered by Chapter 9 of the ITC(HS) Classifications of Export & Import items, 2004-09)

- (i) Duty free import of spices for export shall be permitted only for value addition purposes like crushing/grounding/sterilization or for manufacture of oils and oleoresins and not for simple cleaning, grading, repacking, etc.
- (ii) A minimum value addition of 15% shall have to be fulfilled.

(11) Gem & Jewellery Products

The minimum value addition on annual basis shall be in terms of para 4.A.2.1 of the Handbook of Procedures.