

**SEEPZ SPECIAL ECONOMIC ZONE
ANDHERI (EAST), MUMBAI.**

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AGENDA FOR

**MEETING OF THE APPROVAL COMMITTEE FOR
SECTOR SPECIFIC SPECIAL ECONOMIC ZONE FOR
ENGINEERING SECTOR AT PUNE OF MIDC-PHALTAN-
SEZ.**

Via Video Conferencing

DATE : 25.07.2023

TIME : 03.00 P.M.

**MEETING OF THE APPROVAL COMMITTEE FOR SECTOR
SPECIFIC SPECIAL ECONOMIC ZONE FOR IT/ITES AT PUNE,
UNDER THE CHAIRMANSHIP OF DEVELOPMENT
COMMISSIONER, SEEPZ-SEZ ON 25.07.2023**

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Agenda Item No.	Subject
Agenda Item No. 01 :-	Confirmation of the Minutes of the meeting held on 27.06.2023
Agenda Item No. 02 :-	Application for Approval of Broad Banding of Services submitted by M/s. Cummins Technologies India Pvt Ltd.
Agenda Item No. 03 :-	Monitoring of Performance for M/s. Cummins Technologies India Pvt Ltd.

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Minutes of the 23 rd Meeting of the Approval Committee held under the Chairmanship of Development Commissioner SEEPZ-SEZ for Sector Specific Special Economic Zone for Manufacturing Sector of MIDC-Phaltan-SEZ, held on 27.06.2023 via video conference		
1	Name of the SEZ	MIDC-Phaltan-SEZ
2	Sector	Manufacturing
3	Meeting No.	23 rd
4	Date	27.06.2023

Members present

Sr	Name and Designation (S/Shri.)	Department
1	Smt. Mital Hiremath Joint Development Commissioner	Pune Cluster SEZ, Pune
2	Smt. Pradnya R. Gholap, DCIT (TDS) Pune	Nominee of Income Tax, Pune
3	Dr. Dileeraj Dabhole Dy. DGFT	Nominee of DGFT, Pune
4	Smt. Sunita Jagtap, Superintendent	Nominee of Customs, Pune

Special Invitee

Sr	Name and Designation	Department
1	Shri B. Ajay Kumar Specified Officer	M/S MIDC-Phaltan

Agenda Item No. 01: Confirmation of the Minutes of the 22nd meeting held on 26.07.2022.

After deliberation, the Committee confirmed the minutes of the 22nd Approval Committee meeting held on 26.07.2022.

Agenda Item No. 02: Application for Approval of Broad Banding of Services

After deliberation the committee approved the broad banding of additional items of service in the existing LOA as authorized operations as detailed below:

Current Approved Operations	Proposed additional Operations
<ul style="list-style-type: none"> Generator-ITC/CPC-85021100 Generating set 75KVA to 375K-ITC/CPC-85021100 Internal combustion Piston 	<ul style="list-style-type: none"> Services involving Repair, alterations, additions, replacements, maintenance o the completion finishing works

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Engines-ITC/CPC-84099199	<p>covered above. -ITC/CPC-995479-8861</p> <ul style="list-style-type: none"> • Engineering services for industrial and manufacturing projects-ITC-CPC-998333-8853 • Technical testing and analysis-ITC/CPC-998346-8876 • Other miscellaneous services-ITC/CPC-999799-8864
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Further the committee directed the Specified Officer to verify the Other miscellaneous services-ITC/CPC-999799-8864 submitted by the unit.

The meeting ended with vote of thanks to the Chair.

Signed by Shri. Shyam
 (Shyam Inga
 Chairman-cum-Development
 Commissioner
 Reason: Approved
 Email- dcseepz-mah@nic.in

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GOVT. OF INDIA,
OFFICE OF THE ZONAL DEVELOPMENT COMMISSIONER,
SEEPZ – SEZ (PUNE CLUSTER),

AGENDA NOTE FOR CONSIDERATION OF THE APPROVAL COMMITTEE

a) Proposal: -

Application of M/s. Cummins Technologies India Pvt Ltd., SEZ Unit located at MIDC-Phaltan-SEZ, for approval for Broad Banding of Additional Services without revision in projection.

b) Specific Issue on which decision of Approval Committee is required: -

Approval of Approval Committee for:

- i. Broad banding of additional items of service in the existing LOA as authorized operations as detailed below:

Current Approved Operations	Proposed Authorized Operations
<ul style="list-style-type: none"> Internal Combustion Engines ITC HS CODE – 84089090 Internal Combustion Engines, Spare Parts, Components and Accessories ITC HS CODE - 84089090 	<ul style="list-style-type: none"> Internal Combustion Engines ITC HS CODE – 84089090 Internal Combustion Engines, Spare Parts, Components and Accessories ITC HS CODE – 84089090. Services Involving repair, alterations, additions, replacements, maintenance of the completion finished works covered above HSN CODE - 995479-8861 Engineering services for industrial and manufacturing projects HSN CODE – 998333-8853 Technical testing and analysis HSN CODE - 998346-8876 Other Miscellaneous Services HSN CODE - 999799-8864

c) Relevant Provision:

As per 1st proviso to Rule No. 19(2) of SEZ Rules, 2006

["Provided that the Approval Committee may also approve proposals for broad banding, diversification, enhancement of capacity of production, change in the items of manufacturing or service capacity, if it meets the requirements of rule 18"].

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d) Other Information: -

- M/s. Cummins Technologies India Pvt Ltd India Ltd. granted LOA NO. SEEPZ-SEZ/NEWSEZ/MIDC-PHALTAN/03/2011-12/2815 dated 20.02.2012 located at Plot No. B-3/1, MIDC-Phaltan, SEZ Industrial Area-Phaltan, Vill-Nandal Surwadi, Tal-Phaltan-Satara-415222
- DCP: 16.09.2013
- LOA Validity up to:15.09.2023
- **Reason for Broad Banding:** The unit has submitted that, for rendering above mentioned services, they will be using existing factory set up and employment. Hence, there is no revision of projection apart from the projection provided at the time of application for renewal of LOA. Furthermore, the unit has submitted that, their intention has been to incorporate the services mentioned above into their DTA unit after de-notification. Based on the same they did procure work orders for rendering the said services. However, due to the delay in the de-notification process, they have been unable to provide these services because they are not included in their current LOA.
- LOA is to be renewed for the next block of period from 2023-24 to 2027-28 and the unit has applied for Renewal of LOA vide their letter Dated 29.06.2023.
- Unit has intimated that there is no revision in projection for broad banding apart from the projection provided in renewal application.
- The unit has enclosed following documents along with their application:
 - Copy of Form F3.
 - Copy of LOAs
 - Copy of APRs
 - List of Directors
 - Copy of IEC
 - Proof of premises
 - Copy of CIN
 - Copy of Memorandum and Articles of Association
 - Copy of PAN card and Aadhaar Card of Authorized Signatory
 - Copy of GST Certificates

e) ADC Observation: -

- Approval Committee may like to consider the proposal of the unit for Broad Banding of Additional Services and revision in projection, in terms of Rule 19(2) of SEZ Rules, 2006.

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GOVT. OF INDIA,
OFFICE OF THE ZONAL DEVELOPMENT COMMISSIONER,
SEEPZ – SEZ (PUNE CLUSTER)

AGENDA NOTE FOR CONSIDERATION OF THE APPROVAL COMMITTEE

a) Proposal:

Monitoring of the performance of M/s. Cummins Technologies India Pvt. Ltd., a Manufacturing unit located at MIDC Phaltan, Satara, for FY 21-22- of 2nd block period

b) Specific Issue on which decision of UAC is required:

Monitoring of the performance of the unit FY 2021-22 of 2nd block period, in terms of Rule 54 of SEZ Rules, 2006

c) Relevant provisions: -

As per Rule 54 of SEZ Rules, 2006

“Performance of the Unit shall be monitored by the Approval Committee as per the guidelines given in Annexure appended to these rules”.

(I) Performance as compared to projections: FY 2018-19 to FY 2021-22

(i) Approved Projections

	2018-19	2019-20	2020-21	2021-22	2022-23	TOTAL
FOB Value of Exports	54734	57470	60344	63361	66529	302438
FE Outgo	25297	26449	27661	29012	30429	138848
NFE	29437	31021	32683	34349	36100	163590

(II) Performance as compared to projections: FY 2021-22 (Rs. In Lacs)

Year	Export		F.E. OUTGO				
	Projected	Actual	Raw Material (Goods/ Services)		C.G. import		Other outflow
			Projected	Actual	Projected	Actual	
2021-22	63361.00	111105.48	339375.00	78926.11	1840.00	875.90	2027.19
Total	63361.00	111105.48	339375.00	78926.11	1840.00	875.90	2027.19

(II) Cumulative NFE achieved: FY 2021-22 (Rs. in Lacs)

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Year	Cumulative NFE Achieved	Cumulative % NFE Achieved
2021-22	126602.22	32.11%

(III) Employment Achievement (Direct): FY 2021-22

The Unit has achieved employment of 615 employees (Men-318, Women-94, Indirect Employment -203) in 4th year of the 2nd block period.

(d) Relevant provisions:

Rule 54 of SEZ Rules, **2006** ***“Performance of the Unit shall be monitored by the Approval Committee as per the guidelines given in Annexure appended to these rules”***

(e) Other Information:

LOA No. & Date	SEEPZ-SEZ/NEWSEZ/MIDC-PHALTAN/03/2011-12/2815 dt. 20.02.2012
Location of Unit	Plot No. B-31, MIDC-Phaltan(SEZ) area, village-Surawadi, Tal. Phaltan, Dist : Satara-415522
Validity of LOA	15.09.2023
Item(s) of manufacture/ Services	Manufacturing Sector (Internal Combustion Engines, Internal Combustion Engines, Spare Parts, Components and Accessories)
Date of commencement of production	16.09.2013
Execution of BLUT	24.02.2022
Outstanding Rent dues	NA
Labour Dues	NA
Validity of Lease Agreement	95 years from 03.02.2012
Pending CRA Objection, if any	NA
Pending Show Cause Notice/ Eviction Order/Recovery Notice/ Recovery Order issued, if any	SCN issued vide letter dt REPLY received
a) Projected employment for the block period	527
b) No. of employees as on 31.03.2022	615
Area allotted (in sq. ft.)	1722225.67 Sq. ft (160000 Sq.m)

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Area available for each employee per sq.ft. basis (area / no. of employees)		2800.36 Sq.ft
Investment till date	Building	NA
	Plant & Machinery	NA
Quantity and value of goods exported under Rule 34 (unutilized goods)		NA
Value Addition during the monitoring period		NA
Whether all the APRs being considered now has been filed well within the time limit, or otherwise. If no, details of the Year along with no of days delayed to be given.		Yes

The unit has proposed to Exit from the SEZ due to their revised business Plans

Vide PUC, the Specified Officer has submitted a report vide letter dated 15.03.2023, in the prescribed format along with point-wise reply to the discrepancies as follows:

a. EXPORT:

(Figures INR in lakhs)

Year/Period	Figures as per APR (FOB Value)	Figures as per NSDL Customs Records (FOB Value)	Difference (if any) [(2)-(3)]	Reasons for Difference/Remarks
(1)	(2)	(3)	(4)	(5)
2021-22	111105.48	110832.03	-273.45	1. An amount of Rs. 123.10 lakhs pertain to Invoices raised in March 2021, which were not considered in APR figures but the related export shipping bills were effected in April 2021, as such the same were considered in NSDL figures. APR figures are being taken as per sales ledger, which is based on Invoice date. 2. Free of Cost goods

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				<p>amounting to Rs 69.36 lakhs were exported and thus considered in NSDL figures but same are not considered in APR figures as there is no Foreign Currency inflow.</p> <p>3. An amount of Rs.148.90 lakhs pertains to Export invoices raised during June, August,2021, Jan, Mar,2022, which were considered in APR figures, but due to cancellation of physical export against the said invoices figures not reflected in NSDL.</p> <p>4. An amount of Rs. 52.45 lakhs pertain to Exchange Gain and reimbursement of expenses of insurance and freight, considered only in APR .</p> <p>5. An amount of Rs.264.56 lakhs pertain to Invoices raised in March 2022, which were considered in APR figures but the related export shipping bills were effected in April 2022, as such the same were not considered in NSDL figures. APR figures are being taken as per sales ledger, which is based on Invoice date.</p> <p>Summary:</p> <p>Total difference arrived i.e.</p> <p>[(1+2) minus (3+4+5)] =</p> <p>-273.45 Lakhs</p>
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- b. *IMPORT*** – Raw materials in respect of manufacturing unit) including procurement done on IUT (from SEZ, EOU, STPI, EHTP) basis:

(Figures INR in lakhs)

Year/ Period	Figures as per APR	AV Figures as per NSDL Customs Records	Difference (if any) [(2)-(3)]	Reasons for Difference/Remarks
-1	-2	-3	-5	-6
2021- 22	78926.11	63288.38	-15637.73	<p>1. An amount of Rs. 18199.63 lakhs pertain to procurement under Bill of Export (under drawback scheme) from DTA unit for supply of I.C. Engines, which is included as import in APR (<i>Due to non-availability of separate column for procurement under Bill of Export in APR) but does not reflect as import in NSDL data.</i></p> <p>2. An amount of Rs. 238.96 Lakhs pertain to IMPORTS and Goods receipts of last year i.e. 2020-21, which are not considered in this year's APR figures but as the OUT of Charge is done during FY 2022-23, same figures are reflected in NSDL figures. NSDL Data consist of the figures of BOEs of which Out of Charge is granted.</p> <p>3. An amount of Rs.2322.94 Lakhs i.e. (High sea+ Bond Purchase of Rs. 619.59 Lakhs, EOU Purchase of Rs.1652.23, FOC Shipment of Rs. 33.19 Lakhs, and Re-Import of Rs. 17.93 Lakhs) has <i>not been considered as IMPORT Figure in APR as there was no Foreign Currency Outflow but considered as Import in NSDL.</i></p>

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				Summary: Total difference arrived i.e. (1) Minus (2 + 3) = 15637.73 Lakhs
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(b1) IMPORT – Capital Goods in respect of manufacturing unit) including procurement done on IUT (from SEZ, EOU, STPI, EHTP) basis:

(Figures INR in lakhs)

Year/ Period	Figures as per APR	AV Figures as per NSDL Customs Records	Difference (if any) [(2)- (3)]	Reasons for Difference/Remarks
-1	-2	-3		-5
2021-22	875.90	875.90	0.00	Nil

c. BLUT

1	<p>Value of BLUT Executed (Duty foregone) (including for CG / Raw Material / Services)</p> <p>Value of Additional BLUT executed</p> <ul style="list-style-type: none"> - Year: Date of acceptance - BLUT amount: <p>TOTAL value of BLUT Executed</p>	<p>Prior to 2021-22 the unit had filled the following BLUTs</p> <p>RM</p> <ol style="list-style-type: none"> 1) PHALTAN/03/2011-12/Vol.II/8620 Dated 08-Aug-13 – 23 Cr 2) PHALTAN/03/2011-12/Vol.III/13914 Dated 07-Jul-17- 150 Cr <p>Capital Goods-</p> <ol style="list-style-type: none"> 1) MIDC-PHALTAN/03/2011-12/7305 Dated 22-May-12- 82Cr 2) MIDC-PHALTAN/03/2011-12/Vol.II/4323 Dated 10-Apr-13- 3.80 Cr 3) MIDC-PHALTAN/03/2011-12/Vol.II/4794 Dated 25-Apr-13 -2.40Cr 4) MIDC-PHALTAN/03/2011-12/Vol.II/12613 Dated 06-Sep-13 0.80 Cr <p>Further, the unit has filed an additional BLUT in November, 2021 in terms of Rule 22 (1) (iv) (iv) (d).</p> <p>The details are as under:</p> <p>RM and services</p> <ol style="list-style-type: none"> 1) PHALTAN/03/2011-12/Vol.III/1348 Dated 24-Nov-2021 – RM 1579.04 Cr, Services 51.59 Cr
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		<p>Capital Goods-</p> <p>1) PHALTAN/03/2011-12/Vol.III/1348 Dated 24-Nov.,2021 – 27.50 Cr</p> <p>Total Amount of all BLUTs –</p> <p>RM – 1752.04 Cr</p> <p>Services -51.59 Cr</p> <p>Capital Goods – 116.50 Cr</p>						
2	<p>Total Duty Foregone on goods & services procured (Category-wise BLUT value utilized separately for imported and indigenous goods and services) This should be based on BLUT worksheet which provides for estimated value and duty foregone separately for each category of procurement.</p>	<p>Duty Foregone for procured Imported goods Rs 21997.93 Lakhs Indigenous Goods Rs 12944.72 Lakhs Imported Services Rs Nil</p> <p>Indigenous Services Rs 1936.37 Lakhs Imported Capital Goods Rs Nil Indigenous Capital Goods Rs. Nil</p> <table border="1"> <thead> <tr> <th>Year</th><th>Goods Imported & Indigenous</th><th>Services</th></tr> </thead> <tbody> <tr> <td>21-22</td><td>34942.65</td><td>1936.37</td></tr> </tbody> </table> <p>The procurement appears to be within the overall limit of BLUT amount mentioned in column no. 1 above.</p>	Year	Goods Imported & Indigenous	Services	21-22	34942.65	1936.37
Year	Goods Imported & Indigenous	Services						
21-22	34942.65	1936.37						
3	<p>Has the Unit procured goods and or services without having sufficient balance in their BLUT?</p> <p>If yes,</p> <p>Month & Year when the BLUT was exhausted</p> <p>Details of the consignments and Total value of Goods procured without having sufficient or nil balance in BLUT</p>	<p>Yes.</p> <p>SCN was issued to Unit on dated 04.03.2022 by the Development Commissioner, SEEPZ, Mumbai, for contravention of provisions of Rule 22 of the SEZ Rules, 2006, covering the period from April, 2021 to November, 2021, wherein, the unit has crossed the limit of BLUT of Rs 173 Cr executed earlier, in the month of October, 2017. The said SCN also covers the period of , 2021-22, i.e. up to filling of fresh BLUT in November, 21, for procuring RM/Services involving duty of Rs. 244.76 Cr., without having sufficient balance in BLUTs</p> <p>However, the said exceeding of the procurement duty than the amount of duty involved in BLUT has been arrived</p>						

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		<p>after giving debit effect from the BLUT amount.</p> <p>Further, in view of the clarification issued by the Ministry of Commerce and Industry vide No. K43013(18)/2/2022-SEZ dated 15-02-2023, as regard to Rule 22 (1) (iv) (iv) (d) of the SEZ Rules, 2006, there shall be no debit and credit from the BLUT amount, as such balance of BLUT could not be ascertained. However, it is to confirm that the unit has not exceeded the amount of duty involved for the activities provided in Rule 22 (1) (iii) (a to d) of the SEZ Rules, 2006, than the amount of duty involved in BLUTs executed by the unit, at any given time.</p>
(d)	<p>Employment made as on date</p> <p>(as on end of block period / year upto which monitoring is being done)</p>	<p>As per MPR</p> <p>Men- 318</p> <p>Women-94</p> <p>Indirect Employment-203</p>
(e)	<p>Details of pending Foreign Remittance beyond Permissible period, if any</p> <p>(as on 31.03.2022)</p> <p>To cross-check the same and verify whether necessary permission from AD Bank / RBI has been obtained.</p> <p>SO, to certify that the same has been verified</p>	<p>An amount of Rs 424.49 lakhs shown pending realization as on 31-03-2022 in APR, has been recovered by the unit in the month of April, 2022.</p> <p>No pending foreign remittance has been written-off or proposed for write-off as per the financial record of the unit.</p>
(f)	<p>Whether all softex has been filed for the said period. If no, details thereof.</p> <p>SO to also check whether unit has obtained Softex condonation from DC office / RBI and if approved, whether they have filed such pending Softex.</p>	NA
(g)	<p>Whether all Softex has been certified, if so till which month has the same been certified. If not, provide details of the Softex and reasons for pendency.</p>	NA

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(h)	Whether unit has filed any request for Cancellation of Softex	NA
(i)	Whether any Services provided in DTA / SEZ/EOU/STPI etc. against payment in INR in r/o IT/ITES Unit during the period. If yes, details thereof (year wise details to be provided)	NA
(j)	SO to verify and certify whether the unit has updated the BLUT ledger Module in SEZ Online.	Up-loading of the BLUT Module on SEZ online Portal Kept in abeyance as per office order No. 02/2023 dated 16-03-2023.
(k)	Has the unit cleared any Capital Goods procured duty free in DTA against payment of Duty, or otherwise. Full details to be provided along with value of assets and duty discharged	No such case noticed
(l)	Is the unit sharing any of their infrastructure with other units or are utilizing infrastructure of another unit in the same or other SEZ. If so, details thereof, including the details of the unit with whom the sharing is being made, and the payment terms If approval for sharing of common infrastructure has been obtained from UAC / DC office, the date of UAC / Approval letter to be indicated	No such case noticed.
(m)	Whether all DSPF for services procured during the said monitoring period under consideration has been filed by the unit and whether the same has been processed for approval by the SO Office.	DSPF filed on SEZ Online System, by the unit, has been processed and approved till date. However, unit is in process of filling remaining DSPF.
(n)	Whether unit has filed all DTA procurement w.r.t. the goods procured by them during the monitoring period for the relevant period.	As per the record, DTA filed on SEZ Online System, by the unit, have been processed and approved till date.

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	If no, details thereof	
(o)	Details of the request IDs pending for OOC in respect of DTA procurement on the date of submission of monitoring report	As per the record on SEZ Online, no Out of Charge is pending.
(p)	<p>Has the unit set up any cafeteria / canteen / food court in unit premises.</p> <p>If yes, whether permission from UAC / DC office has been issued, or otherwise office has been issued, or otherwise</p> <p>Whether unit has availed any duty paid goods / services for setting up such facility?</p> <p>If yes, whether unit has discharged such duty / tax benefit availed ? details to be given including amount of duty / tax recovered or yet to be recovered</p>	<p>Yes, permission has been granted by the Development Commissioner, vide letter SEEPZ-SEZ/NEW-SEZ/MIDC-PHALTAN /03/2011-12/VOL-II/09999 Dated- 09.05.2016</p> <p>No such case noticed.</p> <p>No such case noticed.</p>
(q)	Whether any violation of any of the provisions of law has been noticed / observed by the Specified Officer during the period under monitoring	As per the SCN issued on 04.03.2022 by the Development Commissioner, SEEPZ, Mumbai, the unit has violated the provisions of Rule 22 of the SEZ Rules, 2006, wherein the unit during the period from April, 2021 to November, 2021, has procured the goods and services without having sufficient balance in their BLUTs filed.

(f) ADC's observations:

- The Unit has achieved export revenue of Rs. **111105.48** Lacs as against projected export of Rs. **63361.00** Lacs i.e. 175.35 % in 4th year of the 2nd block period.
- UAC may like to monitor the performance of the Unit for FY 2021-22 for 2nd block period, in terms of Rule 54 of SEZ Rules, 2006.