

Minutes of the 24th Meeting of the Approval Committee held under the Chairmanship of Zonal Development Commissioner SEEPZ-SEZ, Mumbai for Sector Specific Special Economic Zone for IT/ITES of M/s. Khed Economic Infrastructure Pvt Ltd-SEZ, Pune, held on 19.10.2023 via video conferencing.

1	Name of the SEZ	M/s. Khed Economic Infrastructure Pvt. Ltd.-SEZ
2	Sector	IT/ITES
3	Meeting No.	24 th
4	Date	19.10.2023

Members present

Sr	Name and Designation (S/Shri.)	Department
1	Smt. Mital Hiremath Joint Development Commissioner	Pune Cluster SEZ, Pune
2	Shri. Sandeep Sathe, DCIT-Circle 4, Pune	Nominee of Income Tax, Pune
3	Shri. Krishanadas Nair, Deputy DGFT	Nominee of DGFT, Pune
4	Smt. Malathi Nair Superintendent	Nominee of Customs, Pune

Special Invitee

Sr	Name and Designation	Department
1	Shri Satbir Sharma, Specified Officer	Pune Cluster, SEZ, Pune

Agenda Item No.01: Confirmation of Minutes of the 23rd meeting held on 10.08.2023

After deliberation, the Committee confirmed the minutes of the 23rd Approval Committee meeting held on 10.08.2023

Agenda Item No. 02: Application of Approval for Setting up of New Unit by M/s. Aurascent Essence Pvt Ltd

1(a) On the directions of the Approval Committee, the issue regarding the applicability of Rule 18(3)(a) of the SEZ Rules, 2006 for export of sandalwood i.e. 'export of the goods from Special Economic Zones shall be subject to export policy in force, as provided in Schedule 2 to the Indian Trade Classification (Harmonised System) of Export & Import Items, 2017' was referred to the MOC&I for clarification. The MoC&I vide letter dated 27.09.2023 informed that ***"the matter has been examined and it is observed that in the recent 116th meeting of the BoA, a similar case (i.r.t. 116.7(i) Appeal filed by M/s Global Export House), the Board has granted permission to M/s Global Export House for import of Sandalwood (HS code 440399220 and export of Sandalwood Handicrafts, Sandalwood finger chips (HS Code 12119050) and Sandalwood***

oil (HS 33012937), subject to the condition that the entire imported sandalwood would be exported and would not be diverted to DTA either in raw material or finished form. In light of the above permission granted by the BoA, it was suggested by the MOC&I that the request of the Unit in the instant case may be examined and considered."

(b) The clarification received from MOC&I was placed before the Approval Committee. The Committee noted the clarification received and it was observed by the Committee that there is no specific mention of the applicability of Rule 18(3)(a) of the SEZ Rules, 2006, in the Ministry's clarification.

(c) During deliberation, it was observed by the Committee that Rule 18(3)(a) was substituted by G.S.R. 909(E) dated 19.09.2018 (w.e.f. 21.09.2018)

Rule 18(3)(a) which read as :

"18(3) - The proposal shall also fulfil the following sector specific requirements, namely -

(a) Export of high-grade iron ore, that is sixty-four percent Fe and above, except iron ore of Goa origin and Redi origin, which would be subject to approval of Board."

was substituted as, namely -

"(a) export of goods from Special Economic Zone shall be subject to export policy in force, as provided in Schedule 2 to the Indian Trade Classification (Harmonised System) of Export and Import Items, 2017".

(d) In view of the above amendment to Rule 18(3)(a) w.e.f. 21.09.2018, it was decided by the Committee that the applicability of Rule 18(3)(a) will sustain and the unit will have to adhere to the export policy in force for export of the goods from Special Economic Zone, as provided in Schedule 2 to the Indian Trade Classification (Harmonised System) of Export & Import Items, 2017'.

2(a) Further, during discussion, it was informed to the unit representative that for import of the prohibited goods covered in their application, in terms of 5th proviso to Rule 26 of the SEZ Rules, 2006, necessary approval from the BOA will be required. It was informed by the unit representative that as of now necessary approval for the restricted products may be given.

(b) However, for the restricted goods, it was observed by the Committee that second proviso to Rule 26 of the SEZ Rules, 2006 states that - **"if any permission is required for import under any other law, the same shall be allowed with the approval of the Board of Approval.**

(c) In terms of Import Policy of ITC (HS) Code No. 4403 99 22, the import of Sandalwood (santalum album) is subject to Policy Condition 2 of the said Chapter

Policy Condition 2 of the said Chapter reads as under :

(2) import of Sandalwood (Exim Code No. 4403 99 22) will be 'Restricted' and subject to a ceiling in each licensing year. Imports

will be permitted only against an Import Authorisation issued in consultation with the Ministry of Environment and Forest(see Procedure is (I) below). The ceiling of Sandal wood for each financial year will be monitored by the Ministry of Environment and Forest to ensure that it is not exceeded. The licence will be valid for a period of one year from the date of issue. No further revalidation of such authorization shall be allowed.

3. In view of the above Rule position, after deliberations, the Committee approved the proposal of the unit for setting up of manufacturing unit for processing of Sandalwood in terms of Rule 17 & 18 of the SEZ Rules, 2006, subject to the following conditions:-

(a) In terms of second proviso to Rule 26 of the SEZ Rules, 2006, i.e. ***"if any permission is required for import under any other law, the same shall be allowed with the approval of the Board of Approval,*** as import of sandalwood is restricted as per Import Policy of ITC (HS) Code No. 4403 99 22, and import of Sandalwood (santalumalburn) is subject to Policy Condition 2 of the said Chapter, import proposal will have to be placed before BOA for approval.

(b) In terms of Rule 18(3)(a) of the SEZ Rules, 2006, the Export of Sandalwood will be subject to export policy in force, as provided in Schedule 2 to the Indian Trade Classification (Harmonised System) of Export & Import Items, 2017. In view of the same, for products which are 'Restricted/prohibited' for exports under FTP, the Policy Conditions for such exports will have to be followed and the Unit shall obtain an 'Export Licence' from the office of DGFT for specific products for which licence is required, as per the policy conditions, before exporting.

(c) The entire imported Sandalwood would be exported and would not be diverted to DTA either in raw material or finished form.

(d) The DTA sales, Deemed Export or export to other SEZ units shall not be allowed for products originating from or having any content of the Imported Sandalwood or its waste/by-products.

(e) The Unit will not sub-contract part of its production or any production process to any unit outside the SEZ in term of Rule 41 of the SEZ Rules, 2006.

(f) Any waste originating from the manufacturing process (which will not be exported) will be destroyed within the SEZ premises.

(g) 100% examination of Import of Sandalwood and export of the goods originating from the imported sandalwood would be carried out, as detailed below :-

(i) In terms of proviso to Rule 28(5) every imported consignment will be examined at the port or airport by the Customs Authorities for which necessary permission in writing will be issued by the Competent Authority to the Customs Authorities. The unit will have to inform in advance the details of import, to the Authorised Officer (Superintendent). Upon receipt of the goods in the SEZ, the Authorised Officer will also conduct 100% examination of the goods imported. In case it is possible for the Customs to arrange escort officer for escorting the import consignment, the same can be considered and in that case, inspection of the consignment at the Customs port can be done away with.


(ii) At the time of export of finished products, 100% examination of the export cargo shall be done. The goods will be sealed after examination by the Authorised Officer. In terms of Rule 46(1)(d) every export consignment will also be examined at the port, airport Inland Container Depot or Container Freight Station or Land Customs Station for which necessary permission in writing will be issued by the Competent Authority to the Customs Authorities. In case, it is possible for the Customs to arrange escort officer for escorting the export consignment, the same can be considered and in that case, inspection of the consignment at the Customs port can be done away with.

(h) For Handicraft items made of sandalwood, only those items will be permitted which fall under the definition of "Handicraft" as per Note 1 of Chapter 44 of ITC(HS), Schedule-2 as per DGFT O.M. dated 11.07.2017.

(i) For export of all prohibited finished products like 'Processed Sandalwood heartwood log', in terms of Rule 26 of SEZ Rule, 2006, approval from BOA for export of the prohibited items will have to be obtained in each case. As per the FTP in force, there appears to be no prohibition for import of proposed import items i.e. Sandalwood raw logs/butts/roots and raw sandalwood heartwood chips. However, if in future any prohibition is imposed in FTP in respect of any of the items proposed to be imported, then in terms of Rule 27, prior approval of the BOA will have to be obtained.

(j) As per DGFT Policy Circular no. 23(RE-2007)/ 2004-09 dated 31.12.2007, all import consignments of sandal wood must be accompanied with the following documents :-

- (i) The 'Certificate of Origin' from the country of export ;
- (ii) The necessary phytosanitary certificate ; and
- (iii) A certificate from the Government authorities of country of export stating that export of sandalwood is legally permitted from the concerned country.


13.12.2023

(Rajesh Kumar Mishra, IRS)
Chairman-cum- Development
Commissioner