

Minutes of Open House Meeting with M/s. Arshiya International Limited and its Unit holders held under the chairmanship of Development Commissioner, SEEPZ-SEZ on 24th February, 2105.

Attendance: As per list Attached.

The following issues were discussed:-

1. Representatives from Siddhartha Logistics, Texperits India Pvt. Ltd, Amity Shipping raised issue on Duty Drawback stating DC-SEEPZ has issued Circular No. 08 dated 14.01.2015 for disbursement of Duty Drawback by respective Specified Officer. The disbursement process through cheque book needs to be in place.

Specified officer (Arshiya) was directed to get the cheque book immediately. Specified officer SEEPZ-SEZ was directed to follow up with JNCH.

[Action: Specified Officer, SEEPZ]

2. Representatives from DHL, ASCM, Siddhartha Logistics, Texperits India Pvt. Ltd, Amity Shipping, Eskaybee, DSV Air & Sea, Borochemie, Geodis raised issues relating to Refund of Special Additional Duty (SAD) & Cancellation of Undertaking

a. As on date, refund claims of approx. **Rs. 6.50 Crores** has been filed with the SO. Further, more claims are in pipeline. There is no mechanism to give such refunds. Suitable trade notice is required to be issued and implemented. Gujarat High Court has vide its order dated 20.11.2014 has ordered that the refund is to be made by the jurisdictional authority.

Till refund rules are notified, chief commissioner will be requested to implement judgment of Gujarat High Court in the case Anita Exports and union of India as a transitional arrangement.

[Action: Specified Officer, SEEPZ]

b. The DTA clearance with SAD exemption is done provisionally through Undertaking. DTA Buyer had submitted documents along with CA certificate for the goods cleared by them. In such cases the Undertaking needs to be cancelled and returned to the DTA Buyer. Till date, more than **2550** certificates have been submitted but the closure is still awaited.

c. From Jan. 2014, subsequent to the clarification issued by CBEC, the DTA clearance by Traders who are claiming the SAD exemption, the Bill of Entry are assessed **provisionally and PD Bond is being submitted.** Till date 1276 such Bonds have been submitted but not even a single bond is cancelled even after the requisite tax payment proof has been submitted to SO. In some earlier cases, the DTA buyer was forced to give Bank Guarantee, which is also not yet closed and cancelled.

The development commissioner directed Specified Officer Arshiya to close the undertakings within 2 months.

[Action: Specified Officer, Arshiya]

d. Clearance of goods from FTWZ port to DTA is in the course of Importation, under such circumstances SAD exemption should be given to the goods which are pre-packaged commodities which are intended for sale. Either of the notification benefit should be extended to the goods which cleared from FTWZ (i.e.) CN 21/2012 SI # 2 or CN 45/2005.

The matter will be examined on file.

[Action: Specified Officer, Arshiya/SEEPZ]

3. Representatives of DHL, ASCM raised issues on Movement of goods from FTWZ to Bonded Warehouse / Duty Free Shops stating. The customs in FTWZ are not allowing transshipment of goods from FTWZ to Duty Free Shops at Airport / Customs Bonded Warehouse. This is permitted in the SEZ Act and Rules, but the same is not being allowed in Arshiya FTWZ. Such transshipment is allowed in many other zones including Cochin SEZ.

Specified officer was advised to permit transactions as per Instruction No. 63 dated 10th August. 2010.

[Action: Specified Officer, Arshiya]

4. Representatives of DHL, Sandvik, ASCM raised issues on GSP stating there should be laid down procedure for obtaining the GSP from the authorities in the FTWZ itself.

Arshiya to submit a detailed representation for examination.

[Action: Specified Officer, Arshiya]

5. Representative of Classic Marble raised issue on Valuation for DTA clearance stating the following

- I. The warehousing charges paid to the custodian are included in the assessable value for duty purpose. Actually, the warehousing charges are already considered by the seller in the sale price offered to the DTA buyer. Then, the logic of including the same again in assessable value is not correct. In any case, 1% Landing charges are being added in value for duty.
- II. Miscellaneous charges should be part of the enhanced value by the customs and it should not be charged additional duty. For example, Marble blocks are being valued by custom at minimum of USD 355 / ton whereas DGFT has put the minimum value for import at USD 325 / ton. At Nhava Sheva, for all invoices which are below USD 355, assessment for duty is being done at USD 355 but at Arshiya it is being done at USD 355 + misc. charges. This is very much unfair practice at Arshiya customs. This was brought to the notice of Development Commissioner earlier also and we were assured that instruction would be given to Arshiya Customs to include the miscellaneous charges as part of enhancement and duty won't be charged additionally.
- III. In case of Marble blocks, the valuation is done on the basis of circular issued by JNCH wherein the value for each category of Marble block is fixed irrespective of its transaction value which is always low.
 - a. The loading of value is not correct. Secondly, loading of Landing charges is also not correct

A committee of three officers [SO-SEEPZ, SO Arshiya and Shri Prashant Jaiswal] has been constituted. The committee after taking inputs of stakeholders will submit report within two months.

[Action: Specified Officer, Arshiya/SEEPZ]

6. Representatives of MD Overseas, Siddhartha Logistics, and ASCM raised issue on Permission to Warehouse Precious metals in FTWZ stating Since the FTWZ is a foreign territory, permission to warehouse precious metals including Gold and Silver to be allowed.

Trade of silver and gold is not permitted as per DOC letter No.D.12/4/2013-SEZ DATED 31st December, 2013. However, matter is under examination of DOC on new representation of Arshiya.

7. Representative of MD Overseas raised issue on Circular to Shipping Lines for moving containers to Arshiya FTWZ stating Some of the shipping lines are intentionally not allowing movement of their containers to Arshiya FTWZ. When insisted, they are asking for additional Charges. Such practices to be penalized as are happening at JNCH.

Arshiya will submit representation on issue along with names so that matter could be taken in scope (shipping) in DOC.

[Action: Arshiya]

8. Representative of Sigmachem raised issue on Exchange rate which is followed by the customs for duty calculation of cargo imported from UEA stating the 1ST conversion of AED rate to INR & than INR to USD thus due to this conversion formula final converted rate in USD is substantially on higher side i.e. 2.05%.

Extract of Publication: - "Exchange rates On January 28, 1978, the dirham were officially pegged to the IMF's special drawing rights (SDRs).

In practice, it is pegged to the U.S. dollar for most of the time. Since November 1997, the dirham has been pegged to the 1 U.S. dollar = 3.6725 dirhams, which translates to approximately 1 dirham = 0.272294 dollar"

For Ex:- Inv Value in AED 1000 pmt for Duty Purpose converted to INR @ current AED to INR customs exchange rate (AED to INR i.e. 17.45) 1000*17.45 = INR 17450, further INR value is converted in USD at Customs exchange rate (INR to USD i.e. 62.80) or 17450/62.80= USD 277.862. Whereas as per AED to USD pegged exchange rate it comes to USD 272.29 which is higher by 2.05% which directly affect us in this competitive world. Therefore it our humble request to modify the conversion formula directly from AED to USD as per pegged SDR'S.

The Client was advised to approach SO.

9. Representatives of MD Overseas, Trafigura, Star Exports, ASCM raised issue on Clearance of goods from FTWZ to DTA - clarification needed that such clearance is a sale in course of Import stating any clearance from FTWZ to DTA is clearance in course of Importation. Such Clearance is backed by Bill of Entry and upon payment of Customs Duty. To avoid ambiguities, we need a clarification or preferably a Public Notice clarifying clearance of goods from FTWZ to DTA is a sale in course of Import.

It was clarified that as the matter pertains to state government. Hence representation should be made to Principal Secretary (Industries) with a copy to Development Commissioner SEEPZ.

10. Representatives of Star Exports, ASCM raised issue on Export to Iran in INR stating as per the FTP and RBI circulars, the export to Iran in INR is permitted. But, exports from FTWZ to Iran in INR are not being permitted. The matter needs clarification in view of huge export business potential in FTWZ.

The matter is under consideration of MOC.

11. Representatives of Andritz Hydro Private Limited raised issue on Export to Nepal in INR from FTWZ stating Can a client / Unit of FTWZ export goods to Nepal from FTWZ in INR?

It was advised to write detailed representation so that matter could be taken up in DOC.

[Action: Arshiya]

12. Representatives of Sandvik, DHL, Srikararam Precidence, ASCM raised issue on **Export by Foreign clients – usage of Unit's IEC and provisional assessment of Shipping bill.** There is no provision in FTP to issue IEC to a foreign client. The customs procedure clubbed with NSDL software requires mention of IEC code while filing any Shipping bill. As a stop gap arrangement, it was decided by the DC-Seepz in the Joint meeting that the IEC of Unit shall be used for such exports and that such shipping bills will be assessed provisionally. Since then more than 10,000 shipping bills have been assessed provisionally with no sight of finalization. It may be pertinent to note that all such Shipping Bills filed are free shipping bills, i.e. no single benefit is being availed on such exports. The Units have given bond for over Rs. 500 Crores, without any clue, when will the same be finalized. Hence to boost exports, have hassle free exports and further in line with practices followed at other FTWZ's, the provisional assessment of export shipping bills must be dispensed with.

It was informed to make a representation to DC office for examination.

[Action: Arshiya]

13. Representative of Arshiya Limited, ASCM, SPG Multi Trade raised issue on **Import of Commodities stating** Import & Trade in commodities such as Pulses, Cotton, etc. is not being permitted by the authorities. Import of such goods for re-export is clearly allowed. Secondly, there is no such restriction in the SEZ Act and Rules. This matter needs urgent and immediate resolution.

Permission on commodities can be examined by UAC, on receipt of detailed representation.

14. representative of DHL raised issue on **Saturday working of Customs at FTWZ stating** in view of the present load factor of the transactions in Arshiya FTWZ, it is required that the office of specified officer should be functional for entire week including Saturdays with the current strength of officers. Such facility is already in place in other zones including the SEEPZ-SEZ

It was clarified that Customs at Arshiya FTWZ will work all 6 days except 2nd Saturday. However, timing will be limited on Saturday

[Action: Specified Officer, Arshiya to submit draft circular]

15. Representative of Arshiya Limited raised issue on **Procedure of Approval of List of Goods for Units stating** the units are being asked to make application to office of DC-SEEPZ for approval of goods for trading. In case of FTWZ, this requirement is not justified as the FTWZ. FTWZ Unit should be allowed to trade in all goods which are allowed for import / export freely under the Foreign Trade Policy and are not in the prohibited list. This practice is being followed at other FTWZ as well.

It was clarified that it is a statutory procedure for approval of list of Goods for Units which need to be adhered to.

16. representative of Arshiya Limited raised issue on **Expediting the Minutes of UAC Meeting / subsequent Permissions etc. stating** there is a delay in circulation of MOM of UAC as it take long which results into delay in subsequent permissions. The MOM to be issued within a week of meeting. Necessity for constant follow up by Developers/Units be eliminated. In case of any discussion, telephonic clarifications / mail communication be done instead of issuance of discrepancy letter which is time consuming process.

It was informed that normally the Minutes of Meeting of UAC will be uploaded on the SEEPZ website within 72 hours.

[Action: ADC, New-SEZ]

17. Representatives of CISCO, MD Overseas, ASCM raised issue on SEZ Online stating


- I. Online Duty Payment facility is not available which makes it costly to operate as the duty is paid manually.
- II. NSDL has started sharing real time data with RBI. In case of the transaction of client, the IEC, Name etc. are appearing that of the Unit and not of its client. In the records of Authorized Dealer (AD), the name of Unit is getting reflected and not of the Client. Some of the AD's have refused to accept payment for client as the data shows in the name of Unit.
- III. Separate column needs to be incorporated in the transaction documents wherein the IEC, Name and address of client is entered and the same is visible to AD's also.

It was clarified that the matter will be taken up with NSDL.

[Action: NSDL]

18. Representative of Eskaybee raised issue on Stoppage of Delivery by Arshiya stating once the duty is paid for any cargo after the assessment done by Customs, can Arshiya stop the delivery as to recover their warehousing charges?

It was clarified that every custodian has a right to recover their dues before releasing the cargo.


3.3.15

(K. K. Srivastav)
Specified Officer,
SEEPZ-SEZ.