

GOVERNMENT OF INDIA
MINISTRY OF INDUSTRY
DEPARTMENT OF INDUSTRIAL POLICY & PROMOTION

PRESS NOTE NO. 4

(1999 SERIES)

Subject: Delegation of powers to the Development Commissioners of Export Processing Zones for post approval amendments - consolidated instructions.

Government had delegated powers to the Development Commissioners of the Export Processing Zones (EPZs), vide Press Note No. 4 (1995 Series) dated 19th April, 1995. More powers were further delegated vide Press Notes No. 15 (1997 Series) dated 10.11.97, No.14 (1998 series) dated 16.10.98 and No. 20 (1998 Series) dated 15.12.98. In supersession of these Press Notes, it has been decided to consolidate the instructions on delegation of powers to DCs for the purpose of convenience to the entrepreneurs.

2. The delegation of powers authorises the Development Commissioners of Export Processing Zones to exercise the following powers in respect of units under EPZ/EOU scheme within their respective jurisdiction:-

2(1) Additional Import of capital goods (CG):

To allow enhancement in the value of imported Capital Goods upto 75% of the value approved initially, subject to the maximum of Rs. 10.00 Crores. The enhancement in value of imported Capital Goods can be on account of additional items of import or on account of increase in prices of permitted items.

2(2) Currency fluctuations:

To allow increase in the value of Capital Goods imports in terms of Rupees, owing to foreign exchange rate fluctuations vis-a-vis foreign currencies.

2(3) Attestation of list of imported capital goods:

To attest list of imported capital goods, both new and second-hand, within the approved value, including additional value permitted in (1) above.

2(4) Capacity enhancement:

To permit capacity enhancement of EOUs/EPZ units, without any limit in respect of de-licensed industries only, provided the requirement of additional imported Capital Goods does not exceed 50% of approved value subject to a maximum of Rs. 10.00 crores.

2(5) Broad Banding

To permit broad-banding subject to the condition that it does not result in procurement of additional capital goods imports beyond 50% of approved value subject to a maximum of Rs.10.00 crores. Broad-banding will be allowed in respect of only those industries, the design and production facilities of which are common and have similar manufacturing process and where physical exports are envisaged.

2(6) Change in name:

To authorise the change in name of the company or the implementing agency subject to the following conditions:

(1) For change from an individual to a Company provided:

- a. the new company is promoted by the applicant;
- b. he is a subscriber to the Articles and Memorandum of Association of the new company;
- c. he subscribes to the tune of at least 10% of the issued equity capital of the new company and;
- d. the individual is a Director of the new Company.

(2) For change from a company to another company provided:

- a. the transferee company is a fully-owned subsidiary of the company holding the letter of intent or permission letter or vice-versa; or
- b. a new company has been promoted for the purpose of implementing the Scheme after the grant of Letter of Intent or Letter of Approval, with at least 10% of the issued equity held by the existing company; and
- c. change of name would be permitted only if the new unit undertakes to take over the assets and liabilities of the existing unit.

2(7) Change of location:

To permit change of location from the place mentioned in the Letter of Approval/ Letter of Intent to another, provided:-

- a. no change in other terms and conditions of the approval is envisaged;
- b. the new location is within the territorial jurisdiction of the DCs;
- c. the new location is at a warehousing station declared by the Custom Authorities; and
- d. other locational, zoning, land-use or environmental conditions are also complied with.

2(8) Additional location for the EOU Project:

To approve additional location(s) for an EOU project requiring more space to run the project, provided the additional location (s) falls within the jurisdiction of the same Commissioner of Central Excise and Customs and all the premises are custom-bonded, as per rules.

2(9) Extension of validity of Letters of Intent/Letters of Approval:

To extend the validity period of Letter of Intent/Letter of Permission/Letter of Approval, in the case of EOUs and EPZ units, by three years, beyond the initial validity period of the Letter of Intent/Letter of Permission/Letter of Approval (except in case where there is a restriction on initial period of

approval, like setting up of oil refinery projects).

2(10) Change in Value Addition:

To revise the Value Addition upward or downward upto the minimum Value Addition percentage as prescribed for the item of manufacture under the Policy.

2(11) Disposal of Obsolete Capital Goods:

To permit disposal of obsolete capital goods, in DTA, on payment of applicable duties, without any restrictions. However, disposal of obsolete machinery must not adversely affect the contracted export obligation/Net Foreign Exchange Earning.

2(12) Import of Office Equipment:

To permit import of office equipment in accordance with EXIM Policy and Handbook of Procedures.

2(13) Revision in Export Obligation:

To revise prospectively the export obligation stipulated in the approval letters (both upward and downward) provided the revised export obligation is not below the level of minimum export obligation prescribed in the EXIM Policy/general or sector specific FDI guidelines.

2(14) Merger of two or more EOUs:

To permit merger of two or more EOUs/EPZ units into one EOU/one EPZ unit, provided the units fall within the jurisdiction of the same Development Commissioner and the same Commissioner of Central Excise and Customs.

3. Member Secretary of Board of Approvals for 100% EOUs shall also exercise the powers delegated above in respect of EOUs.

4. All cases of units originally approved under Automatic Approval Scheme shall be brought to the Board of Approvals when the revised parameters do not conform to the conditions laid-down under this scheme.

5. The Secretariat for Industrial Assistance, Department of Industrial Policy & Promotion, Ministry of Industry and the Development Commissioners concerned shall place before Board of Approvals in its next meeting summary of each order issued by them under the powers delegated to them for ratification.

Sd/-

(ASHOK KUMAR)

JOINT SECRETARY TO THE GOVERNMENT OF INDIA

F. No. 10(53)/91-IP New Delhi, the 5th March,1999.

Forwarded to the Press Information Bureau for giving wide publicity to the contents of the above Press Note.

Information Officer,Press Information Bureau,New Delhi.