

Notification No. 52/2003 - Customs

In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962) (hereinafter referred to as the said Customs Act), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts,-

- (a) all goods as specified in the Annexure -I to this notification, when imported or procured from a Public Warehouse or a Private Warehouse appointed or licensed, as the case may be, under section 57 or section 58 of the said Customs Act or from international exhibition held in India for the purposes of -
 - (i) manufacture of articles for export or for being used in connection with the production or packaging or job work for export of goods or services by export oriented undertaking (hereinafter referred to as the unit) other than those referred to in clauses (b), (c) and (e), or
 - (ii) manufacture or development of software, data entry and conversion, data processing, data analysis and control data management or call center services for export by Software Technology Park (STP) unit, or a unit in Software Technology Park Complex under the export oriented scheme (hereinafter referred to as the unit) ; or
 - (iii) manufacture and development of electronics hardware or electronics hardware and software in an integrated manner for export by an Electronic Hardware Technology Park (EHTP) unit or a unit in Electronic Hardware Technology Park Complex under the export oriented scheme (hereinafter referred to as the unit) ; or
- (b) all goods specified in the Annexure-II to this notification, when imported into India or procured from a Public Warehouse or a Private Warehouse appointed or licensed, as the case may be, under section 57 or section 58 of the said Customs Act or from international exhibition held in India for the purposes of production, manufacture or packaging of articles specified in Annexure -III for export by export oriented undertaking in horticulture, agriculture and animal husbandary sector (hereinafter referred to as the unit); or
- (c) all goods specified in the Annexure-IV to this notification when imported into India or procured from a Public Warehouse or a Private Warehouse appointed or licensed, as the case may be, under section 57 or section 58 of the said Customs Act or from international exhibition held in India for the purpose of use in aqua-culture farm in connection with operational requirements of such aquacultural farm and export of aquacultural products so produced by export oriented undertaking in aquaculture sector (hereinafter referred to as the unit); or
- (d) all goods specified in the Annexure-V to this notification, when imported into India or procured from a Public Warehouse or a Private Warehouse appointed or licensed, as the case may be, under section 57 or section 58 of the said Customs Act or from international exhibition held in India for the purposes of quarrying of granite by export oriented undertaking engaged in processing and manufacture or production of articles of granite for export (hereinafter referred to as the unit) ; or
- (e) all goods specified in the Annexure-VI, when imported into India or procured from a Public Warehouse or a Private Warehouse appointed or licensed, as the case may be, under section 57 or section 58 of the said Customs Act or from international exhibition held in India for the purpose of manufacture of gems and jewellery and export thereof by export oriented undertaking in the Special Export Oriented Complex, Jhandewalan and export oriented undertaking in gems and jewellery sector (hereinafter referred to the unit) ,

from the whole of the duty of customs leviable thereon under the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) and the additional duty, if any, leviable thereon under section 3 of the said Customs Tariff Act, subject to the following conditions, namely:-

- (1) The importer has been authorised by the Development Commissioner to establish the unit for the purposes specified in clauses (a) to (e) of the opening paragraph of this notification;
- (2) The unit carries out the manufacture, production, packaging or job-work or service in Customs bond and subject to such other condition as may be specified by the Deputy Commissioner of Customs or Assistant Commissioner of Customs or Deputy Commissioner of Central Excise or Assistant Commissioner of Central Excise, as the case may be, (hereinafter referred as the said officer) in this behalf;
- (3) The unit executes a bond in such form and for such sum and with such authority, as may be specified by the said officer, binding himself,-

- (a) to bring the said goods into the unit or and use them for the specified purpose mentioned in clauses (a) to (e) in the opening paragraph of this notification ;
 - (b) to maintain proper account of the receipt, storage and utilization of the goods;
 - (c) to dispose of the goods or services, the articles produced, manufactured, processed and packaged in the unit, or the waste, scrap and remnants arising out of such production, manufacture, processing or packaging in the manner as provided in the Export and Import Policy and in this notification;
 - (d) to pay on demand-
 - (I) an amount equal to duty leviable on the goods and interest at a rate as specified in the notification of the Government of India in the Ministry of Finance (Department of Revenue,) issued under section 28AB of the said Customs Act on the said duty from the date of duty free import of the said goods till the date of payment of such duty, if -
 - (i) in the case of capital goods, such goods are not proved to the satisfaction of the said officer to have been installed or otherwise used within the unit, within a period of one year from the date of import or procurement thereof or within such extended period not exceeding five years as the said officer may, on being satisfied that there is sufficient cause for not using them as above within the said period, allow;
 - (ii) in the case of goods other than capital goods, such goods as are not proved to the satisfaction of the said officer to have been used in connection with the production or packaging of goods for export out of India or cleared for home consumption within a period of three years from the date of import or procurement thereof or within such extended period as the said officer may, on being satisfied that there is sufficient cause for not using them as above within the said period, allow;
 - (iii) in the case of,-
 - (a) goods produced or packaged, such goods have not been exported out of India, and
 - (b) unused goods (including empty cones, bobbins or containers, if any, suitable for repeated use) as have not been exported or cleared for home consumption,within a period of one year from the date of import or procurement of such goods or within such extended period as the said officer, as the case may be, on being satisfied that there is sufficient cause for not using them as above within the said period, allow;
 - (II) in case of failure to achieve the said positive Net Foreign exchange Earning , the duty equal in amount to the portion of the duty leviable on the said goods but for the exemption contained in this notification and the duty so payable shall bear the same proportion as the unachieved portion of Net Foreign exchange Earning bears to the positive Net Foreign exchange Earning to be achieved alongwith interest at the rate as specified in the notification of the Government of India in the Ministry of Finance (Department of Revenue,) issued under section 28AB of the said Customs Act, on the said duty to be paid on demand from the date of importation or procurement of the said goods till the payment of such duty.
- (4) The said officer may, subject to such conditions and limitations as may be imposed by him and subject to the provisions of the Export and Import Policy,-
- (i) permit re-export of the goods;
 - (ii) permit the capital goods or goods manufactured, produced, processed, or packaged in the unit to be taken to any other unit in a special economic zone, or to other export oriented undertaking, or Electronic Hardware Technology Park (EHTP) unit, or Software Technology Park (STP) unit, as the case may be, without payment of duty for the purpose of

manufacture and export therefrom or for use within the unit subject to maintenance of proper accounts by both the receiving and supplying units;

- (iii) permit the goods (other than capital goods) or goods partially processed or manufactured or packaged in the unit, to be taken outside the unit without payment of duty for the purpose of test, repairs, replacement, calibration, refining, processing, display, job-work or any other operation necessary for manufacture of final product and to be returned to the unit, thereafter or remove the same without payment of duty under bond for export from job-worker's premises:

Provided that in case of export from the job-worker's premises, such job-worker shall be Central Excise registrant under section 6 of the Central Excise Act, 1944 (1 of 1944), read with rule 9 of the Central Excise Rules, 2002:

Provided further that waste or scrap or remnants generated during such process at the job-worker's premises shall be either returned to the unit or shall be cleared on payment of duty as if the said waste, scrap or remnants have been cleared by the same unit;

- (iv) permit removal of moulds, jigs, tool, fixtures, tackles, instruments, hangers, patterns and drawings without payment of duty to the premises of the sub-contractors subject to the condition that such goods shall be brought back to the unit on completion of the job-work within the stipulated period as specified by the said officer:

Provided that this condition shall not apply to the unit engaged in manufacture and export of gem and jewellery;

- (v) permit the goods or goods partially processed or manufactured or packaged therefrom in the unit to be taken out of India for the purpose of processing if such processing is not available in India, after the approval of the Board of Approval, without payment of duty and to be returned to the unit thereafter, subject to such condition or limitation, as may be specified by him in this behalf;

- (5) Where whole of the process of manufacture by unit is not possible to be undertaken in bond, with the approval of Commissioner of Customs or Commissioner of Central Excise, as the case may be, may, subject to such conditions as may be specified by him, permit such unit to undertake such of the processes as necessary, in Customs bond.

- (6) The said officer may, subject to such conditions and limitations as may be imposed by him and subject to the provisions of Export and Import Policy, permit the unit engaged in manufacture and export of gems and jewellery, -

- (i) to take out gold or silver or platinum for job-work in the Domestic Tariff Area and to bring back the jewellery finished or semi-finished, including studded jewellery :

Provided that no cut and polished diamonds, precious stones or semi-precious stones shall be allowed to be taken out of the unit;

- (ii) to receive plain gold or plain silver or plain platinum jewellery from any place in India against exchange of gold or silver or platinum, as the case may be, of the equivalent quantity in weight as that of the said gold or silver or platinum contained in the said jewellery:

Provided that in case of activities mentioned at (i) and (ii) in this condition, the Domestic Tariff Area unit supplying such jewellery against exchange of gold or silver or platinum or after jobwork shall not be entitled for deemed export benefits and the said unit shall not be eligible for wastage or manufacturing loss against exchange of such jewellery in case of activity as mentioned at (ii) above;

- (iii) to re-export the imported goods and export the domestically procured goods including goods generated out of partial processing or manufacturing from such goods;
- (iv) with the approval of the Development Commissioner, personal carriage of gold jewellery or silver jewellery or platinum jewellery or precious stones or semi-precious stones or beads and articles as samples upto US\$ 1,00,000/-, for export promotion tours and temporary display or sale abroad subject to the condition that the exporter would bring back such jewellery, precious stones or semi-precious stones or beads and articles or the sale

proceeds within a period of forty-five days from the date of departure through normal banking channel;

- (v) with the approval of Development Commissioner, export of jewellery for holding, or participating in, an exhibition abroad subject to the condition that the jewellery not sold shall be re-imported within sixty days of the close of the exhibition;
- (vi) to export jewellery including branded jewellery for display and sale in the permanent shops set up abroad, provided that such items not sold abroad within one hundred eighty days, shall be re-imported within next forty five days ;
- (vii) to remove parts and tools of machines temporarily into Domestic Tariff Area without payment of duty for the purpose of repairs and return thereof after such repairs;
- (viii) to remove moulds, tools, patterns and drawing to the premises of the sub-contractors for jobwork without payment of duty and to be returned to the unit thereafter within the period specified in this behalf by the said officer;
- (ix) to send scrap, dust or sweepings of gold or silver arising in the manufacturing process in its unit to the Government Mint for conversion into standard gold or silver bars and to be returned to the said unit thereafter in accordance of the procedures specified by the Commissioner of Customs or Commissioner of Central Excise in this regard or to clear such scrap, dust or sweeping to the Domestic Tariff Area on payment of duty on the gold or silver content in the said scrap, dust or sweepings as specified in the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 80/97-Customs, dated the 21st October 1997;
- (x) clearance of jewellery into Domestic Tariff Area up to ten per cent. of the value of export of the unit in the preceding year, on payment of applicable duties, subject to the permission of the Development Commissioner;
- (xi) import and export of the said goods, other than capital goods, under this notification by air freight through the Customs Airports of Mumbai, Kolkata, Chennai, Thiruvananthapuram, Delhi and Bangalore or through the post parcel;
- (xii) to export jewellery manufactured in the unit through the authorized couriers as per procedure specified by the Commissioner of Customs or Commissioner of Central Excise, as the case may be:

Provided that exports are made through Customs Houses at Mumbai, Kolkata, Chennai, Delhi, Jaipur, Bangalore, Ahmedabad, or Hyderabad and the Free On Board (FOB) value of any consignment through authorized courier shall not exceed rupees twenty lakhs;
- (xiii) to supply gem and jewellery manufactured in the said unit to the retail outlets or showrooms set up in the departure lounge at international airports at Calicut, Cochin, Delhi, Hyderabad, Kolkata, Mumbai, Thiruvananthapuram and Visakhapatnam, in accordance with the Export and Import Policy for sale to the tourist as defined in the Baggage Rules, 1998, leaving India in accordance with the procedures specified by the Commissioner of Customs or Commissioner of Central Excise, as the case may be;
- (xiv) situated in municipal limits of Chennai, Delhi, Kolkata and Mumbai, to sell gems and jewellery manufactured in the unit to foreign bound passengers to be transferred in accordance with Export and Import Policy to the customs warehouse at respective Customs Airport for being handed over to the said passenger for the purpose of export as per procedure specified by the respective Commissioner of Customs or Commissioner of Central Excise, as the case may be, in this regard;
- (xv) subject to the fulfillment of such conditions as he may specify, wastage of gold or platinum specified in column (2) of the Table given below or wastage of silver as specified in column (3) of the said Table, during the manufacture of jewellery of description in the corresponding entry in column (1) of the said Table;

Table

Description of Jewellery	% of wastage of Gold or Platinum	% of wastage of Silver
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(1)	(2)	(3)
Plain jewellery and articles thereof unstudded	3.5%	4.5%
Studded jewellery and articles thereof	9.0%	10%
Mountings and findings used in the plain jewellery	3.5%	4.5%
Mountings, whether imported or indigenously procured or manufactured used in the studded jewellery	2.5%	2.5%
Gold or Silver or Platinum medallion and coins (excluding the coins of the nature of legal tender)	0.25%	0.25%

Explanation.- For the purposes of this sub-condition,

- a) the percentage of wastage shall be calculated with reference to the total quantity of gold or silver or platinum imported or issued for manufacture of the jewellery;
- b) no wastage shall be allowed for jewellery procured against exchange under provisions of the Export and Import Policy;
- c) the expression "Plain Jewellery and articles thereof unstudded" shall include 'Mangal Sutra' containing gold and black beads and jewellery studded with imitation stones and cubic zirconia and semi precious tones:

Provided that per gram value of the semi-precious stones utilized in the making of jewellery and articles is less than the per gram value of gold.
- (7) In the event of unit engaged in manufacture and export of gem and jewellery ceasing its operation, gold, other precious metal, alloys, gems and other materials for the manufacture of jewellery shall be transferred to such person, undertaking, agency or authority, as the Government of India in the Ministry of Commerce and Industry, may specify in this behalf.
- (8) Subject to the satisfaction of the said officer, duty shall not be leviable in respect of-
- (i) the capital goods, if such capital goods are destroyed within the unit or outside the unit, when it is not possible or permissible to destroy the same within the unit, in the presence of Customs or Central Excise Officer;

(ii)

the scrap or waste material or remnants arising in the course of production, manufacture, processing or packaging, if such scrap or waste material or remnants are destroyed within the unit or destroyed outside the unit when it is not possible to destroy the same within the unit :

Provided that this condition shall not apply in the case of unit engaged in manufacture and export of gem & jewellery.

- (9) The Software Technology Park (STP) unit may be allowed to import duty free Telematic Infrastructure equipment. The telemetric infrastructure equipment so imported may also be utilized for export by other Software Technology Park (STP) units.
- (10) The Commissioner of Customs or Commissioner of Central excise, may allow the infrastructural equipments imported by Software Technology Park (STP) unit to be linked to research or educational institute (other than institute engaged in commercial activities) as may be approved by the Inter Ministerial Standing Committee for research, education or any such non commercial purposes as per procedure specified by him in this regard and subject to necessary permission granted by the Inter Ministerial Standing Committee;
- (11) The said officer may permit Software Technology Park (STP) unit to use computer system for training purposes (including commercial training) subject to the condition that the unit had achieved positive Net Foreign exchange Earning and that no computer terminal shall be installed outside the bonded premises for this purpose;
- (12) The said officer, subject to approval of the Commissioner of Customs or Commissioner of Central excise, as the case may be, may allow diesel generating sets or captive power plants, central air-conditioning equipments, uninterrupted power supply system, networking equipments, EPABX, Fax. Photocopier equipment, data transfer protocol equipments, and security system imported by a Software Technology Park (STP) Unit to be utilized by the other Software Technology Park (STP) units, belonging to the owner of importing unit and located in the same compound or nearby or adjoining premises for the purpose of development of software and export thereof.

2. Notwithstanding anything contained in this notification, in a case of unit engaged in the development of Computer Software, data entry and conversion, data processing, data analysis and control or data management, the exemption contained in this notification shall also apply to goods imported by such units for providing consultancy services for development of software "on site" abroad:

Provided that the conditions stipulated in this notification are complied with by such unit and the duty free goods are not used outside the bonded premises.

Explanation.- The consultancy fees received by such unit in convertible foreign currency for consultancy services for development of software 'on site' abroad shall be deemed to be exports for the purpose of fulfilment of positive Net Foreign exchange Earning under this notification.

3. Notwithstanding anything contained in this notification, the exemption herewith shall also apply to goods which on importation into India or procurement, are used for the purpose of manufacture of finished goods or services and such finished goods and services, (including by-products, rejects, waste and scrap arising in the course of production, manufacture, processing or packaging of such goods) even if not exported, are allowed to be sold in Domestic Tariff Area in accordance with the Export and Import Policy and subject to such other limitations and conditions as may be specified in this behalf by Development Commissioner, or the Board of Approval or the Inter Ministerial Standing Committee, as the case may be, on payment of appropriate duty of excise leviable thereon under section 3 of the Central Excise Act, 1944 (1 of 1944) or where such finished goods (including by-products, rejects, waste and scrap) or services are cleared to the warehouse appointed or registered under notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 26/98-Central

Excise (NT), dated the 15th July, 1998 or No. 46/2001-Central Excise (NT), dated the 26th June, 2001 or cleared to the warehouse authorised to carry out manufacturing process or other operation under section 65 of the Customs Act, 1962 (52 of 1962) and under the Manufacture and Other Operations in Warehouse Regulation, or cleared to the holders of certificate from Apparel Export Promotion Council and Council for Leather Export for duty free imports as referred to in clause (e) of the paragraph 6.9 of the Export and Import Policy, without payment of duty :

Provided that where such finished goods (including rejects, waste and scrap and remnants) are not excisable, customs duty equal in amount to that leviable on the inputs imported under this notification and used for the purpose of manufacture of such finished goods, which would have been paid but for the exemption under this notification shall be payable at the time of clearance of such finished goods:

Provided further that the Software Technology Park (STP) unit and the Electronic Hardware Technology Park (EHTP) unit engaged in manufacture of electronic hardware and software in integrated manner, shall be allowed to sell software, data entry and conversion, data processing, data analysis, control data management or rendering of call center services through data communication link and or tele communication link subject to such conditions as may be specified by the Commissioner of Customs or Commissioner of Central Excise, as the case may be:

Provided also that goods, which have been repaired, reconditioned, re-engineered shall not be allowed to be sold in the Domestic Tariff Area.

4. Without prejudice to any other provision contained in this notification, the said officer may, subject to such conditions and limitations as he may deem fit to impose under the circumstances of the case for the proper safeguard of revenue interest and also subject to such permission of the Development Commissioner, wherever it is specially required under the Export and Import Policy, allow the unit to clear any of the said goods for being taken outside the unit, to any other place in India in accordance with the Export and Import Policy:

Provided that -

- (a) such clearance of capital goods, may be allowed on payment of duty either on the depreciated value thereof and at the rate in force on the date of payment of such duty or on the transaction value whichever is higher, The depreciation shall be allowed at the rate of 20% per annum of the original value in respect of computer and computer peripheral items and 10% per annum in case of other capital goods.

Explanation. - The depreciation shall be allowed for the period from the date of commencement of commercial production of the unit or where such goods have been received after such commencement, from the date such goods have come into use for commercial production to the date of payment of duty;

- (b) such clearance of goods (including empty cones, bobbins, containers, suitable for repeated use) other than those specified in clause (a) may be allowed on payment of duty on the value at the time of import and at rates in force on the date of payment of such duty;
- (c) such clearance of used packing materials, such as cardboard boxes, polyethylene bags of a kind unsuitable for repeated use, without payment of any duty.

5. Notwithstanding anything contained in this notification, the exemption contained therein shall also apply to silver and gold falling under heading No. 7106 and 7108 respectively, of the First Schedule to the said Customs Tariff Act imported by the nominated agencies for being supplied to the gem and jewellery units under the scheme for export of gold jewellery and articles as specified in the Export and Import Policy, read with Chapter 6 of the Handbook of Procedures, Vol. I:

Provided that where silver or gold or platinum is imported on behalf of the said unit engaged in manufacture and export of gem and jewellery, the exemption shall apply only if-

- (a) the procedure as may be specified by the said officer is followed by such jewellery unit; and
- (b) the conditions stipulated in the opening paragraph are complied with by such jewellery unit:

Provided further that in the event of the unit engaged in manufacture and export of gem and jewellery to whom the silver or gold has been supplied, fails to export the jewellery made out of such silver or gold within the time specified in the Export and Import Policy under the respective scheme, the nominated agencies shall deposit duty on the quantity of the silver or gold as the case may be, not contained in the jewellery exported at the rate of duty leviable on the silver or gold as provided in the notification of the Government of India in the Ministry of Finance No. 80/97-Customs, dated the 21st October, 1997 within seven days of the expiry of the period within which the said jewellery manufactured out of the said silver or gold was required to be exported.

6. Notwithstanding anything contained in this notification, the said officer may permit the unit engaged in,-

- (a) processing of agriculture products referred to in sub-clause (i) of clause (a) of opening paragraph of this notification to take out goods as specified at Sl. Nos. 18 to 30 in Annexure-I; and
- (b) production or manufacture or packaging of articles as specified in clause (b) of opening paragraph

of this notification to take out goods as specified at Sl. Nos. 12 to 20 in Annexure-II ,

to the fields and farms of contract farmers of the unit for production or in connection therewith; and to bring back the produce to the unit for exports, in accordance with the provisions of Export and Import Policy and Handbook of Procedures, Volume-I and subject to the following conditions:-

- (i) the unit shall produce an agreement between it and contract farmer(s) to the said officer;
- (ii) in case of unit other than those which are in existence for less than two years shall be required to furnish a bank guarantee equal to the total duty foregone on the goods so transferred to the fields or farms of contract farmers;
- (iii) prior to import of the goods, the unit shall apply to the said officer giving the details, such as, number of contact farmers and location of their farms, measurement of the farms or fields under contact farming, input-output norms of production as fixed by Directorate General of Foreign Trade and their projected requirements and after examination of the such projected requirement, the said officer shall give permission for the import or procurement of the same on annual basis;
- (iv) in case of failure of the unit to bring back the agriculture or horticulture produce so produced in the fields or farms of contract farmers to the unit, as per the norms notified by the Directorate General of Foreign Trade, within the same season or such extended period as may be permitted by the Commissioner of Customs or Commissioner of Central Excise, as the case may be, due to any reason including natural calamity or loss of crop, the unit shall be required to pay the duty equal to the duty foregone on the inputs so taken out to the fields or farms of the contract farmers;
- (v) in respect of goods which has been allowed to be transferred to the fields or farms of the contract farmers, at any point of time as may be decided by the said officer, the unit shall be required to account for the goods so transferred to the fields or farms of the contact farmers;
- (vi) in case of non-accountal of goods so transferred or use of the goods in farms or fields other than those declared to the proper officers, the unit shall pay duty foregone on such un-accounted goods along with the interest at the rate as specified in the notification of the Government of India, Ministry of Finance, Department of Revenue issued under section 28 AB of the said Customs Act within 10 days of receipt of demand notice, and in case of failure to pay the same, the said officer, may en-cash the bank guarantee and disallow the duty free procurement under this notification;
- (vii) the unit shall be required to have a premise(s) duty bonded under section 58 of the Customs Act, 1962 (52 of 1962), for storage of goods procured duty free under this notification and, of final products manufactured therefrom.

7. The units engaged in the processing or manufacture or production of articles of granite for export as specified in clause (d) of the opening paragraph, may be allowed to take the goods, as specified in Annexure- V, out of the bonded premises to the granite quarries for the purposes of quarrying of granite subject to the following conditions, namely-

- (i) the quarries are in the name of the unit either on lease basis or on ownership basis. The location and area of quarries or any subsequent change in location of quarry or quarries at a later stage shall be intimated by the unit to the Development Commissioner and said officer;
- (ii) the goods are used by the unit for the purpose of quarrying of granite meant for further processing or manufacture or production of articles of granite for export by its own export oriented undertaking;
- (iii) the unit maintains a proper account of receipt, consumption and utilisation of the said goods and of granite so quarried and transferred to his processing unit or to any other export oriented unit or units in special economic zone, and shall submit such accounts periodically to the Development Commissioner of the Zone and to the said officer, in such form and in such manner as may be laid down by the Development Commissioner or the said officer, as the case may be ;

(iv) the said officer may, subject to such conditions and limitations as he may specify and subject to the provisions of the Export and Import Policy, allow -

- (a) the unit to supply granite so quarried to other export oriented undertaking or units in the special economic zone without payment of duty;
- (b) the goods to be taken out temporarily without payment of duty for repairs and return thereof;
- (c) the unit to export the goods;
- (d) destruction of obsolete capital goods without payment of duty, if such goods are destroyed in the presence of the Customs Officer or Central Excise Officer;
- (e) the goods shall not be transferred or shifted to any other site or quarry owned or taken on lease by the unit without permission of the said officer;
- (f) the accounts of the said goods used at the quarrying site shall be kept in the site in a properly constructed office to enable the verification of the same as and when required;
- (g) the goods so quarried shall be removed from the quarry site only for supply to unit's own processing unit or for supply to an other export oriented unit or the unit in the special economic zone engaged in processing or production or manufacture of articles of granite and export thereof and shall not be allowed to be exported as such or to be cleared in Domestic Tariff Area;

8. Without prejudice to other provisions of this notification, where the said officer is satisfied that the unit, which has been permitted by the concerned State Electricity Board in this behalf, has been permitted by Development Commissioner to sell into Domestic Tariff Area or transfer to other export oriented undertaking or Software Technology Park (STP) unit or Electronic Hardware Technology Park (EHTP) unit or a unit in a special economic zone, the surplus power generated in its diesel generating sets or captive power plant subject to fulfilment of such conditions as may be specified by the said officer in this behalf, the said officer may allow the unit, -

- (i) to sell such surplus power in Domestic Tariff Area on payment of an amount equal to the duty leviable on consumables and raw materials but for the exemption of duty thereon, used for generation of each unit of power so sold in the Domestic Tariff Area on the basis of norms approved by the Board of Approval or Inter Ministerial Standing Committee;
- (ii) to transfer such surplus power to other export oriented undertaking or Software Technology Park (STP) unit or Electronic Hardware Technology Park (EHTP) unit or unit in a Special Economic Zone without payment of duty:

Provided that both supplying and receiving unit shall maintain account for the quantity of consumables and raw materials used in generation of each unit of power so transferred as quantified on the basis of norms approved by the Board of Approval or Inter Ministerial Standing Committee, for the purpose of calculation of Net Foreign Exchange Earning.

9. Notwithstanding anything contained in this notification, the exemption contained herein shall also apply to computer and computer peripherals including printer, plotter, scanner, monitor, key-board and storage units, when donated by unit two years after their import or procurement and use by the unit, to the recognised non-commercial educational institutions, registered charitable hospitals, public libraries, public funded research and development establishments, organisations of the Government of a State or Union Territory subject to the following conditions:-

- (a) in case the donee is a recognised non-commercial educational institution, registered charitable hospital, public library, public funded research and development establishment, the donor certifies that the donee is an educational institution, hospital, library or research and development establishment, as the case may be, and
- (b) the donee undertakes to observe the procedure, as may be prescribed by the said officer, having jurisdiction over the donor's unit, for transport of the said goods shall not be used for commercial purposes, and shall not sold, disposed of, gifted, loaned, exchanged or parted with, without the permission of the said officer within the period of five years from the date of receipt of the said goods to him from the donor.

10. Notwithstanding anything contained in this notification, the exemption contained herein shall also apply to spares and consumables, to the extent of 1.5% of the ex-factory value of the articles manufactured for export out of India by the unit during the preceding year or such percentage in excess thereof as the Central Government may in each individual case allow having regard to the recommendation made in this behalf by the Board of Approval for the purpose of supply of such spares and consumables with the export articles for after-sale-service subject to the condition that such supply is specifically stipulated in the relevant export contract and the said officer is satisfied that the value of such spares and consumable has been included for arriving at the Net Foreign exchange Earning as required under the Export and Import Policy.

11. Nothing contained in this notification shall apply to the goods imported by a service sector export oriented undertaking as specified in clause (a) in the opening paragraph, who does not directly export services out of India.

12. The notifications of the Government of India in the Ministry of Finance, Department of Revenue, Nos. 3/88-Customs, dated the 14th January 1988 (G.S.R. 31(E), dated the 14th January, 1988), 277/90-Customs, dated the 12th December 1990, (G.S.R. 943(E), dated the 12th December, 1990), 138/91-Customs, dated the 22nd October 1991 (G.S.R. 639(E), dated the 22nd October 1991), 140/91-Customs, dated the 22nd October 1991, (G.S.R. 641(E), dated the 22nd October 1991), 95/93-Customs, dated the 2nd March 1993(G.S.R. 254(E), dated the 2nd March, 1993), 96/93-Customs, dated the 2nd March 1993, (G.S.R. 255(E), dated the 2nd March 1993), 126/94-Customs, dated the 3rd June 1994, (G.S.R. 488(E), dated the 3rd June 1994), 196/94-Customs, dated the 8th December 1994, (G.S.R. 856(E), dated the 8th December 1994), 53/97-Customs, dated the 3rd June, 1997, (G.S.R. 302(E), dated the 3rd June 1997), 47/98-Customs, dated the 16th July, 1998 (G.S.R No. 391(E), dated the 16th July, 1998), and 58/2000-Customs, dated the 8th May, 2000 (G.S.R. 415(E) dated the 8th May, 2000) are hereby rescinded.

13. This notification shall come into force on the 1st day of April, 2003.

Explanation- For the purposes of this notification,-

- (i) "Board of Approval" means the authority appointed by the Central Government in exercise of the powers conferred by section 14 of the Industries (Development or Regulation) Act, 1951(65 of 1951) and the rules made under that Act;
- (ii) " Domestic Tariff Area" means area except special economic zone, export oriented undertakings, Software Technology Park unit and Electronic Hardware Technology Park unit;
- (iii) "Export and Import Policy" means Export and Import Policy, 1 April 2002 - 31 March 2007, published by the Government of India in the Ministry of Commerce and Industry vide notification No. 1(RE-2003) /2002-07, dated 31st March, 2003, as amended from time to time;
- (iv) "export oriented undertaking" has the same meaning as assigned to "hundred percent. export oriented undertaking" in clause (ii) to the *Explanation* of sub-section (1) of section 3 of the Central Excise Act, 1944 (1 of 1944);
- (v) "Electronic Hardware Technology Park (EHTP) unit" means a unit established under and in accordance with the Electronic Hardware Technology Park Scheme notified by the Government of India in the Ministry of Commerce, vide notification No. 5(RE-95)/92-97, dated 30th April, 1995 and approved by the Inter- Ministerial Standing Committee;
- (vi) "Handbook of Procedures, Volume I " means Handbook of Procedures Volume I, 2002-2007 published by the Government of India, Ministry of Commerce and Industry vide Public Notice No 1 (RE-2003) /2002-07, dated 31st March, 2003, as amended from time to time;
- (vii) "Inter-Ministerial Standing Committee" means a committee appointed by the Government of India in the Ministry of Industry (Department of Industrial Development) vide notification No. S.O. 117(E), dated the 22nd February, 1993;
- (viii) "Nominated Agencies" means the Metals and Minerals Trading Corporation Limited, the

Handicraft and Handloom Export Corporation, the State Trading Corporation, the Projects and Equipment of India Limited and any agency authorised by the Reserve Bank of India in this regard;

- (ix) "Software Technology Park (STP) unit" means a unit established under and in accordance with Scheme notified by the Government of India in the Ministry of Commerce and Industry vide notification No. 4(RE-95)/92-95, dated 30th April, 1995 and approved by the Inter- Ministerial Standing Committee;
- (x) "special economic zone" has the same meaning as assigned to it in clause (iii) to the *Explanation 2* of sub-section (1) of section 3 of the Central Excise Act, 1944 (1 of 1944);

ANNEXURE-I

Sr. No **Description of Goods**

1. Capital goods and spares and accessories thereof.
2. Material handling equipment, namely, fork lifts, over-head cranes, mobile cranes, crawler cranes, hoists and stackers and spares and accessories thereof.
3. Uninterrupted power supply system (UPS), pollution control equipment, quality assurance equipment, storage systems, special racks for storage, modular furniture, computer furniture, anti-static carpet, tele-conference equipment, servo control system, security system, panels for electrical, net working equipment, data transfer protocol equipment , Central Air Conditioning equipments, air conditioning system and spares, consumables thereof.
4. Captive power plant including captive generating sets and transformers as recommended by the Development Commissioner/ Designated Officer.
5. Spares, fuel, lubricants, consumables and accessories for captive power plants including captive generating sets and spares, consumables and accessories for transformers as approved by the Assistant Commissioner.
6. Office equipments including PABX, Fax machine, Video Projection System, computers, laptop, server, spares and consumables thereof.
7. Raw materials.
8. Components.
9. Consumables .
10. Packaging materials.
11. Tools, jigs, gauges, fixtures, moulds, dies, instruments and accessories and spares thereof.
12. A Prototype or a technical sample for each of the existing products for the purpose of product diversification, development or evaluation;
13. Drawings, blue prints and charts.
14. Goods re-imported within three years from the date of exportation for repair or reconditioning;
15. Goods re-imported within one year from the date of exportation from the unit due to failure of the foreign buyer to take delivery;
16. Raw materials for making capital goods for use with in the unit for the purpose of production.
17. Any other item required in relation to production of export goods with the prior approval of the Board of Approval.
18. Crates drums and preservation media (such as acetic acid and vinegar).
19. Grading Tables.

20. Green House equipment, accessories, heated rooting tables, propagation trays, seeding machines.
21. Plant or parts thereof, seeds, saplings, tubers, bulbs, Rhizomes, roots cuttings, all types of grafts, tissue culture material, and other vegetatively propagated material utilized for sowing and planting;
22. Growing media such as Peat Moss (including peat litres) (whether or not agglomerated), Perlite/Vermiculite, Rockwool, Cocoa peat, Hydrocorn, Foam based medium and other cultivation medium;
23. Filters.
24. Dripliners, Drip lines and Drip-fitting.
25. Micro Sprinklers and Misters.
26. Agriculture Sprinklers
27. Fertilizer Tanks
28. Valves.
29. Fertilizer Pumps and Chemical Injections.
30. Fertiliser and chemicals for pre and post harvest treatments such as micro nutrients, plant and growth regulators and other organic and inorganic substances used for plant nutrition, insecticides, fungicides, weedicides, herbicides and the like;

ANNEXURE-II

Sl. No. Description of Goods

1. Green House equipment, accessories, heated rooting tables, propagation trays, seeding machines.
2. Growing media such as Peat Moss (including peat litres) (whether or not agglomerated), Perlite/Vermiculite, Rockwool, Cocoa peat, Hydrocorn, Foam based medium and other cultivation medium.
3. Office equipments, spares and consumables thereof.
4. Animal feed such as cattle feed and poultry feed.
5. Veterinary medicines including vaccines.
6. Packaging materials including machinery and equipment for packaging.
7. Cooling equipment for cold room, storage room, pre-cooling chambers and its accessories.
8. Sorting equipment, Grading equipment, Packing equipment and temperature control or humidity control equipment.
9. Power generating sets; Refrigeration and air-conditioning equipment for fitment on transport vehicles.
10. Spare parts for the maintenance of goods mentioned at item Nos. 8 to 11 above.
11. High Speed Diesel oil for power generating sets as approved by the Board of Approvals.
12. Plant or parts thereof, seeds, saplings, tubers, bulbs, Rhizomes, roots cuttings, all types of grafts, tissue culture material, and other vegetatively propagated material utilized for sowing and planting.
13. Filters.

14. Dripliers, Drip-lines, and Drip-fitting.
15. Micro Sprinklers and Misters.
16. Agriculture Sprinklers.
17. Fertilizer Tanks.
18. Valves.
19. Fertilizer Pumps and Chemical Injections.
20. Fertilizers and chemicals for pre and post harvest treatments such as micro nutrients, plant and growth regulators and other organic and in-organic substances used for plant nutrition, insecticides, fungicides, weedicides, herbicides, and the like.

ANNEXURE - III

Sl. No. Description of Goods

1. Live animals falling under Chapter 1.
2. Bird's eggs (fresh) in shells of heading 0407.
3. Live trees and other plants; bulbs, roots and the like, cut flowers and ornamental foliage.
4. Fresh vegetables of heading 0701 to 0709; whole uncut sun dried vegetables of heading 0712 and 0713; Fresh and uncut/sun dried roots and tubers of heading 0714.
5. Fresh and uncut/sun dried edible fruits and nuts of headings 0801 to 0810.
6. Fresh or sun dried plants and parts of plants of heading 1211.
7. Silk worm cocoons of heading 5001 and raw silk of heading 5002.

Note- In this Annexure "Chapter" and "heading" mean respectively a Chapter and heading in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975).

ANNEXURE-IV

Sl. No. Description of Goods

1. Capital Goods including plant and machinery for packaging, conveyor belts, and accessories, spares and consumables including lubricants therefor for spawning Hatchery, Aqua Farm, Processing Plant, Chilling unit (cold storage) and Feed plant.
2. Material handling equipments, namely, fork-lifts, over-head cranes, mobile cranes, crawler cranes, hoists and stackers and spares, consumables including lubricants therefor.
3. Captive power plant including power generating set as recommended by Development Commissioner and accessories .
4. Tools, Jigs, Gauges, Fixtures, Moulds, Dies, Instruments and accessories.
5. Cold room apparels.
6. Chemicals for water treatment, Zeolite, Teaseed powder/cake, waste digesters, pesticides, fungicides, veterinary medicines including vaccines.
7. Office equipments, spares and consumables thereof.
8. Feed for prawns/fish and other aquatic animals including Artemia (Brain Shrimp eggs) and other Hatchery feeds.
9. Raw materials for feeds for aquatic animals, namely, meals of fish and other aquatic invertebrates

like squid/prawns in liquid, powder or other forms, fish lipid oil, squid oil, veterinary grade premix of vitamins/ minerals not suitable for human consumption, sea weed powder, kalp Meal, Molasses, yeast, choline chloride, Antioxidants excluding Vitamins, Licithin, Di-calcium Phosphate and Calcium Lactate which are capable of use in other than veterinary application.

10. Preservatives, pre-mix taste makers, battering materials, special cooking medium, bread crumbs/powder.
11. Packaging materials, all sorts.
12. Catfish-eggs, fries and fingerlings.
13. High Speed Diesel oil for power generating sets as approved by the Board.

ANNEXURE-V

Sl. No.	Description of Good
1.	Hydraulic Excavators
2.	Pneumatic Compressors
3.	Jack Hammers
4.	Hydraulic Drilling Machines
5.	Line Drillers
6.	Front End Loaders
7.	Pneumatic Grinders
8.	Diamond Wire Saws
9.	Dressing Machine
10.	Core Drilling Machine
11.	Jet Burners
12.	Cranes
13.	Derricks
14.	Tippers and Dumpers
15.	Welding Machine
16.	Generating sets
17.	Steel Chains and Steel Ropes
18.	D-Shackles
19.	Diamond Wires
20.	Diamond Segments
21.	Tungsten Carbon Drill Rods
22.	Steel Feathers & Wedges
23.	Burner Nozzle
24.	Welding rods

25. Hydraulic Oil and Lubricants
26. Explosives
27. Chisels, Hammers, Chain Pulley Blocks
28. Steel Pillow Kits
29. Dust Collector
30. Consumables and Tools

ANNEXURE-VI

Sl.No. Description of Goods

- 1 Capital goods.
- 2 Raw Materials.
- 3 Spares parts of machinery.
- 4 Consumables required for manufacture of goods.
- 5 Components.
- 6 Samples prototype, not exceeding two in number, of each type of articles covered by the manufacturing activity.
- 7 Packaging materials.
8. Tools, jigs, gauges, fixtures, moulds, dies and instruments and accessories.
9. Drawings, blue prints, technical maps and charts relating to the manufacturing activity.
10. Goods re-imported within one year from the date of exportation due to failure of the buyer to take delivery or for re-export after repairs or remaking.
11. Old gold/platinum/silver jewellery for repair or remaking for re-export.
- 12 Office equipments, spares and consumables thereof.

D. S. Garbyal
Under Secretary to the Government of India