

Agenda Notes for discussion in the 189th Meeting (1st Meeting of the 2025 Series) of the Unit Approval Committee for SEZs through Hybrid Mode, to be held on the 8th January, 2025 at 11:30 A.M. under the Chairmanship of Shri Deen Bandhu Singh, CSS, Zonal Development Commissioner, Falta Special Economic Zone in the Conference Room of Manikanchan Special Economic Zone, CFB Building, 3rd Floor, Sector- V, Block- CN-1, Kolkata-700091.

Agenda Item No. 189.1	Ratification of the Minutes of the 186 th Meeting of the Unit Approval Committee held on 27 th November 2024.
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189.2 NAME OF THE SEZ: FALTA SPECIAL ECONOMIC ZONE

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189.3 MONITORING OF ANNUAL PERFORMANCE OF SEZ UNITS

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189.2 - FALTA SPECIAL ECONOMIC ZONE**189thUAC Meeting to be held on 08/01/2025****Agenda Item No.189.2 (i)**

Sub : Request for approval of “Default list of Services” for authorized operation at Falta SEZ by M/s. Kkalpana Industries (India) Ltd

M/s Kkalpana Industries (India) Ltd, IEC-0288010311, a manufacturing unit at Falta SEZ, holding LoA No-FSEZ/LIC/K-41/(Unit-II)2020/725 dt. 14.09.2020 (LOA valid till 07.09.2026) has requested vide letter No. KIIL/2024-25/023 Dated 11.11.2024 for approval of **05 (Five)** number of default authorized services.

2.0 The proposal has been scrutinized by O/o DC, Falta SEZ, and the observations/proposal is as under:

a.	Name of the unit	M/s Kkalpana Industries (India) Ltd, IEC-0288010311
b.	Name of the Director/Proprietor	Shri Narrindra Suranna Shri Dev Krishna Suranna Shri Rajesh Kr. Kothari Shri Mamta Binani Shri Ramya Hariharan
c.	Registered Office Address	2B, Pretoria Street, Kolkata – 700 071
d.	Location of the Unit	Sector-I, FSEZ, Falta, West Bengal , PIN-743504
e.	LoA No. & Date	FSEZ/LIC/K-41/(Unit-II)2020/725 dated 14.09.2020
f.	Nature of the unit	Manufacturing
g.	Items of manufacturing as of now	All types of Plastic Bag, Jumbo Bag, Garbage Collection & Carry Bags, Shopping Bags, All types of plastic granules, All types of plastic shredding, Grinding, Crushing, Lumps, Agglomerates, Plastic Powder, Plastic Sheets & Cut-pieces, Plastic Tarpaulin, Plastic Pipes
h.	Date of commencement of production	08.09.2021
i.	LoA valid up to	07.09.2026
j.	Annual Performance Report (APR) monitoring status	Monitored upto FY 2023-24, and the Unit achieved Cumulative Negative NFE for last 3 years.

k.	Name of the Default List of Service	Sl. No.	Default authorized services	Default Sl. No. as per DoC letter
		1.	Cargo Handling services	8
		2.	Clearing & forwarding agents services	11
		3.	Internet communication services	30
		4.	Legal consultancy services	32
		5.	SEZ online services	60
1.	Relevant SEZ Rule Provisions	As per Instruction 94 dated 08.05.2019 of SEZ Division, Department of Commerce.		

3.0 In 180th Unit approval committee had given Principal Approval for these services. However, formal approval would be given only after unit submit required document to establish that the services are getting avail by the unit.

4.0 The unit vide the said letter dated-11/11/2024 submitted supporting documents i.r.o the said 5 services. The supporting documents were forwarded to Custom Wing, FSEZ vide I.S Note dated-03/12/2024 for verification and confirmation.

5.0 Custom Wing, FSEZ vide ISN note dated 04.12.2024 confirmed that the aforesaid 05 (five) services have been procured by the unit at Falta SEZ.

6.0 It is proposed that the above 05 (Five) services as requested by the unit, may now be approved as Default authorized services i.r.o the Unit.

The proposal is placed before the UAC for consideration please.

189.2 - FALTA SPECIAL ECONOMIC ZONE**189thUAC Meeting to be held on 08/01/2025****Agenda Item No.189.2 (ii)**

Sub: Requested for approval of “Default list of Services” for authorized operation at Falta SEZ by M/s. M/s Krypton Industries Ltd

M/s Krypton Industries Ltd, IEC-0290003644, a manufacturing unit at Falta SEZ, holding LoA No-8/4/90-FEPZ dt. 18.11.1990 (LOA valid till 30.04.2029) has requested vide letter No. Nil Dated 15.10.2024 for approval of 15 (Fifteen) number of services as default authorized.

Out of 15 (Fifteen) defaults authorized, Unit has submitted the document for Sl. No. 8- Management, Maintenance or Repair services (Default Sl. No. 33 As per DoC letter) which is verified by Falta Custom wing vide I.S.Note No. Nil dated 21.11.2024

The proposal has been scrutinized by O/o DC, Falta SEZ, and the observations/proposal is as under:

1	Name of the unit	M/s Krypton Industries Ltd, IEC-0290003644
2.	Name of the Director/Proprietor	Shri Ravi Prakash Pincha Shri Pradeep Kumar Singh Shri Jay Singh Bardia Shri Tilok Chand Bachhawat Shri Vinay Sipani Ms. Arti Bothra
3.	Registered Office Address	410, Vardaan Building, 25A, Camac Street, Kolkata – 700 016
4.	Location of the Unit	Sector-II, FSEZ, Falta, West Bengal , PIN-743504
5.	LoA No. & Date	8/4/90-FEPZ dated. 18.11.1990
6.	Nature of the unit	Manufacturing
7.	Items of manufacturing as of now	MCP Tubeless Tyres, Arm Rest, Plastic Rims & Fork, Wheelchairs, Crutches, Commode chair & walking Aids.
8.	Date of commencement of production	06.02.1993
9.	LoA valid up to	30.04.2029
10.	Annual Performance Report (APR) monitoring status	Monitored upto FY 2022-23, and the unit achieved positive Net Foreign Exchange earnings.

		Sl. No .	Default authorized services	Default Sl. No. as per DoC letter
11.	Name of the Default List of Service	1.	Banking and other financial service	6
		2.	Cargo Handling services	8
		3.	Clearing & forwarding agents services	11
		4.	Custom house agent services	19
		5.	Design services	23
		6.	Goods transport agency services	27
		7.	Information Technology software services	28
		8.	Management, maintenance or repair services	33
		9.	Port services	39
		10.	Security agency services	42
		11.	Transport of goods by Air services	52
		12.	Transport of goods by Road services	54
		13.	Works contract services	55
		14.	Transport of goods services	56
		15	Construction services	57
13.	Relevant SEZ Rule Provisions	As per Instruction 94 dated 08.05.2019 of SEZ Division, Department of Commerce.		
14.	Proposal	<p>The 15 (Fifteen) services asking by the unit be given “In Principal” Approval as Default authorized services i.r.o the unit.</p> <p>“Management, Maintenance or Repair services” (Default Sl. No. 33 As per DoC letter) may be approved as Default authorized services i.r.o the unit.</p>		

The matter is placed before the UAC for consideration.

189.2 - FALTA SPECIAL ECONOMIC ZONE**189thUAC Meeting to be held on 08/01/2025****Agenda Item No.189.2 (iii)**

Sub: Request for inclusion of a new item “ Solar Photovoltaic Module” (HSN Code 85017200) in the existing LOA No. FSEZ/LIC/V-19/2013/399 dated 25.04.2013 by M/s. Vikram Solar Limited-regarding

M/s. Vikram Solar Limited, a unit located at Falta SEZ holding LOA No. FSEZ/LIC/V-19/2013/399 dated 25.04.2013 has requested for inclusion of a new item item “**Solar Photovoltaic Module**” (HSN Code 85017200)” in the existing LOA. The details are as follows:

1	Name of the unit	M/s. Vikram Solar Limited (Unit-II) [IEC No : 0205025056]	
2.	Name of the Director	Mr. Gyanesh Chaudhary Mr. Subramanya Krishnappa Mr. Krishna Kr Maskara Mr. Sumit Binani Ms Neha Agrawal Ms Ratnabali Kakkar	
3.	Registered Office Address	The Chambers, 8 th Floor, 1865, Rajdanga Main Road, Kolkata-700107.	
4.	Location of the Unit	Sector 2, FSEZ, Falta, West Bengal , PIN-743504	
5.	Letter of Permission No. & Date	FSEZ/LIC/V-19/2013/399 dated 25.04.2013	
6.	Nature of the unit	Manufacturing	
7.	Items approved for Manufacturing as per LoA.	Items	ITC (HS) Code
		Photovoltaic Cells	85414010
		Solar Modules	85414011
		Solar Equipments and Devices	85437092
		PV strings half cut solar cells	85414012
8.	Date of commencement of Commercial Production	06.01.2016	
9.	LOP valid up to	05.01.2026	
10.	Name of the proposed item along with ITC (HS) Code	Solar Photovoltaic Module [ITC HS Code : 85017200]	
11.	Reason for such proposed inclusion.	As per the customers demand, the above said newly Solar PV Modules are developed by incorporating a blocking diode along with the existing bypass diodes in the Junction Box fitted with the Modules. This blocking diode will prevent reverse current flow from the connected devices of the Solar Power Plant like SCB, Invertors etc. The primary function of the blocking diode is to ensure unidirectional current flow, safeguarding the system and optimizing overall performance and reliability. This newly developed	

		Solar PV Module fall under CTH 8501 and not under CTH 8541.
12.	Annual Capacity of the proposed items	No change in the current declared capacity.
13.	Additional Employment Generation	No
14.	Additional Investment, if any, for such inclusion	No.
14.	Revised FE Balance Sheet for such inclusion	Appended at table below

- Application dated 18.12.2024 of M/s Vikram Solar Ltd. Along with Customs Instruction No. 08/2018-Customs dated 06.04.2018 enclosed at **Annexure –A (pg.35 – 38)**.

FOREX Balance Sheet proposed for next 5 years (in Lakhs)

Sl.No.	Items	1 st Year	2 nd Year	3 rd Year	4 th Year	5 th Year	Total
1.	FOB Value of Exports in next 5 years	119746.00	125733.00	132020.00	138621.00	145552.00	661671.00
2.	FE Outgo for the next 5 yrs	103177.00	106789.00	111060.00	116058.00	121861.00	558945.00
3..	NFE for the next 5 yrs.	16568.00	18944.00	20960.00	22563.00	23691.00	102726.00

In terms of 1st proviso of Rule 19(2) of SEZ Rules, 2006, the Approval Committee may approve proposals for board-banding, diversification, enhancement of capacity of production, change in items of manufacture or service activity.

The matter is placed before the UAC for consideration please.

189.3 - MONITORING OF ANNUAL PERFORMANCE OF SEZ UNITS

189th UAC Meeting to be held on 08/01/2025

Agenda Item No. 189.3(i)

Monitoring of Annual Performance for the FY 2023-24 on the basis of APR

Name of the Govt. SEZ/Private SEZ: FALTA SEZ

a.	Name of the Unit	M/s Kariwala Industries Ltd. (Unit-III) IEC No-0290003172
b.	SEZ name	Falta Special Economic Zone, Kolkata
c.	LoA no. & date	FSEZ/LIC/K-34/Unit-III/2005/2694 dt. 01.08.2005
d.	LoA valid upto	30.06.2027
e.	Date of Commencement of Production (DCP)	01.07.2007
f.	Authorized operation of the unit	Jute/Cotton Bags, Clothing, Ups & Other Accessories (Manufacturing)
g.	Performance monitored upto block year	2022-23 (1 st Year of 4 th Block)
h.	Performance [Annual Performance Report (APR)] to be monitored for block year	2023-24 of in 2nd Year of 4th Block

Block years of the unit as per DCP:-

1 st Block	2007-08	2008-09	2009-10	2010-11	2011-12
2 nd Block	2012-13	2013-14	2014-15	2015-16	2016-17
3 rd Block	2017-18	2018-19	2019-20	2020-21	2021-22
4 th Block	2022-23	2023-24			

1. Export performance of the block year being monitored

(Rs in Lakhs)

Block-4 th	Free on Board value of exports		Net Foreign Exchange (NFE) earned	
	Projection for the block	Actual as per APR	Projection for the block	Actual as per APR
2022-23	3292.00	4704.06	2547.00	3622.35
2023-24	3800.00	4380.67	2900.00	3676.05
Total	7092.00	9084.73	5447.00	7298.40

2. DTA sales made in the block year being monitored (Rs in lakhs) : Nil

3. Investment made (since inception) & employment generated

Investment (Rs in crore)		Employment	
Proposed	Actual as per APR	Proposed	Actual as per APR

450	333.41	Male : 170 Female : 125	Male : 142 Female : 88
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4. Delay in APR submission

Block year	Date of APR submission	No. of days delay
2023-24, 2nd Year (4th Block)	22.11.2024	52

5. Cases pending for Foreign Exchange (FOREX) realization

Date of export	Name & address of importer	Pending FOREX amount (in INR)
No	No	No

6. Outstanding lease rental dues (if any) on a/c of the unit (as on): Rs.1,94,885.00

The matter is placed before UAC for discussion/ decision, in terms of Rule 54 of SEZ Rules, 2006.

189.3 - MONITORING OF ANNUAL PERFORMANCE OF SEZ UNITS**189th UAC Meeting to be held on 08/01/2025****Agenda Item No.189.3 (ii)****Monitoring of Annual performance for the Financial Year 2023-24 on the basis of APR****Name of the Govt. SEZ / Private SEZ: Falta Special Economic Zone**

a.	Name of the Unit	M/s. Indo Tossa Pvt. Ltd. [IEC No.4097000110]
b.	SEZ name	Falta Special Economic Zone, Kolkata
c.	LoA No. & date	FSEZ/LIC/I-23/2003/6044 dt.01.10.2003
d.	LoA valid upto	31.05.2026
e.	Date of Commencement of Production (DCP)	01.12.2005
f.	Authorized operation of the unit	Pin of various types for Jute & Textile Industries, Manufacturing of Jute Mill Machinery & Spares, Manufacturing of Industrial Machineries & Spares & Re- engineering of Jute Mill Machineries.
g.	Performance monitored upto block year	2022-23 (3rd Year of 4 th Block) (+ve NFE)
h.	Performance [Annual Performance Report (APR)] to be monitored for block year	2023-24 of 4th Year of 4th Block

Block years of the unit as per DCP:-

1 st Block	2005-06	2006-07	2007-08	2008-09	2009-10
2 nd Block	2010-11	2011-12	2012-13	2013-14	2014-15
3 rd Block	2015-16	2016-17	2017-18	2018-19	2019-20
4 th Block	2020-21	2021-22	2022-23	2023-24	

1. Export performance of the block year being monitored

(Rs in Lakhs)

Block-4th	Free on Board value of exports		Net Foreign Exchange (NFE) earned	
	Projection for the block	Actual as per APR	Projection for the block	Actual as per APR
2020-21	235	166.24	207	149.98
2021-22	350	332.60	318	292.36
2022-23	410	296.43	374	259.11
2023-24	470	201.54	430	148.12
Total	1465	996.81	1329	849.57

2. DTA sales made in the block year being monitored (Rs in lakhs) : 345.41**3. Investment made (since inception) & employment generated**

Investment (Rs in crore)		Employment	
Proposed	Actual as per APR	Proposed	Actual as per APR
910	251.93	Male : 12 Female : Nil	Male : 9 Female : Nil

4. Delay in APR submission

Block year	Date of APR submission	No. of days delay
2023-24, 4th Year (4th Block)	29.11.2024	59

5. Cases pending for Foreign Exchange (FOREX) realization

Date of export	Name & address of importer	Pending FOREX amount (in INR)
No	No	No

6. Outstanding lease rental dues on a/c of the unit (as on 31.12.2024): 9,16,700/-

The matter is placed before UAC for discussion/ decision, in terms of Rule 54 of SEZ Rules, 2006.

189.3 - MONITORING OF ANNUAL PERFORMANCE OF SEZ UNITS**189th UAC Meeting to be held on 08/01/2025****Agenda Item No.189.3 (iii)****Monitoring of Annual performance for the Financial Year 2023-24 on the basis of APR****Name of the Govt. SEZ / Private SEZ: Falta Special Economic Zone**

a.	Name of the Unit	M/s. Krypton Industries Ltd. IEC No - 0290003644
b.	SEZ name	Falta Special Economic Zone, Kolkata
c.	LoA no. & date	8/4/90-EPZ dt. 28.11.1990
d.	LoA valid upto	30.04.2029
e.	Date of Commencement of Production (DCP)	06.02.1993
f.	Authorized operation of the unit	MCP Tubeless Tyres, Arm Rest, Plastic Rims & Fork, Wheelchairs, Crutches, Commode chair & walking Aids
g.	Performance monitored upto block year	2022-23 (5 th Year in 6th Block)
h.	Performance [Annual Performance Report (APR)] to be monitored for block year	F.Y 2023-24 1st Year, 7th Block

Block years of the unit as per DCP:-

1st Block	1993-94	1994-95	1995-96	1996-97	1997-98
2nd Block	1998-99	1999-2000	2000-01	2001-02	2002-03
3rd Block	2003-04	2004-05	2005-06	2006-07	2007-08
4th Block	2008-09	2009-10	2010-11	2011-12	2012-13
5th Block	2013-14	2014-15	2015-16	2016-17	2017-18
6th Block	2018-19	2019-20	2020-21	2021-22	2022-23
7th Block	2023-24				

2. Export performance of the block year being monitored

(Rs in Lakhs)

Block-7th	Free on Board value of exports	Net Foreign Exchange (NFE) earned
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	Projection for the block	Actual as per APR	Projection for the block	Actual as per APR
2023-24	1915.23	2501.92	1658.23	2306.46
Total				

3. **DTA sales made in the block year being monitored (Rs in lakhs) : 83.93**

4. **Investment made (since inception) & employment generated**

Investment (Rs in crore)		Employment	
Proposed	Actual as per APR	Proposed	Actual as per APR
579.48	1110.53	Male : 125 Female : 12	Male : 144 Female : 11

5. **Delay in APR submission**

Block year	Date of APR submission	No. of days delay
2023-24, 1 st Year (7 th Block)	15.10.2024	14

6. **Cases pending for Foreign Exchange (FOREX) realization**

Date of export	Name & address of importer	Pending FOREX amount (in INR)
No	No	No

7. **Outstanding lease rental dues (if any) on a/c of the unit (as on Dec'24):Rs.67,77,684.35/-**

The matter is placed before UAC for discussion/ decision, in terms of Rule 54 of SEZ Rules, 2006.

189.3 - MONITORING OF ANNUAL PERFORMANCE OF SEZ UNITS

189th UAC Meeting to be held on 08/01/2025

Agenda Item No.189.3 (iv)

Monitoring of Annual performance for the Financial Year 2023-24 on the basis of APR

Name of the Govt. SEZ / Private SEZ: Falta Special Economic Zone

a.	Name of the Unit	M/s. Cheviot Company Limited (IEC No.- 0288001168)
b.	SEZ name	Falta SEZ
c.	LoA no. & date	FEPZ/LIC/C-21/2001/573 dated 07.04.2001
d.	LoA valid upto	26.03.2028
e.	Date of Commencement of Production (DCP)	27.03.2003
f.	Authorized operation of the unit	All kind of Shopping Bags made of Jute, Cotton, Polypropylene, Non-woven Industrial fabric made out of Natural/synthetic/blended yarn e.g. Jute, Blends etc (superior Hessian clothes), Juco Bags, and Jute Hessian Bags, Jute mats / Jute placemats. All kind of shopping bags (included on 04.07.2011)
g.	Performance monitored upto block year	2022-23 and achieved (+) NFE.
h.	Performance [Annual Performance Report (APR)] to be monitored for block year	2023-24 2 nd year of 5 th Block

Block years of the unit as per DCP:-

1 st Block	2002-03	2003-04	2004-05	2005-06	2006-07
2 nd Block	2007-08	2008-09	2009-10	2010-11	2011-12
3 rd Block	2012-13	2013-14	2014-15	2015-16	2016-17
4 th Block	2017-18	2018-19	2019-20	2020-21	2021-22
5 th Block	2022-23	2023-24			

1. Export performance of the block year being monitored

(Rs in Lakhs)

Block :4 th	Free on Board value of exports		Net Foreign Exchange (NFE) earned	
	Projection for the block	Actual as per APR	Projection for the block	Actual as per APR
Year 16 [22-23]	11619.00	11822.32	1816.00	2554.70
Year 17 [23-24]	13118.00	8590.51	1996.00	1664.19
Total	24737.00	20412.83	3812.00	4218.89

2. DTA sales made in the block year being monitored: Rs. 90.20 Lakhs for the FY-2023-24).

3. Investment made (since inception) & employment generated

Investment (Rs in crore)		Employment	
Proposed	Actual as per APR	Proposed	Actual as per APR
3.00	7.6	Male : 210 Female : 01	Male :221 Female :01

4. Delay in APR submission

Block year	Date of APR submission	No. of days delay
FY-2023-24	20.12.2024	81

5. Cases pending for Foreign Exchange (FOREX) realization

Date of export	Name & address of importer	Pending FOREX amount (in INR)
No	No	No

6. Outstanding lease rental dues (if any) on a/c of the unit (as on date of monitoring): Rs. 48,045/-

The matter is placed before UAC for discussion/ decision, in terms of Rule 54 of SEZ Rules, 2006.

189.3 - MONITORING OF ANNUAL PERFORMANCE OF SEZ UNITS

189th UAC Meeting to be held on 08/01/2025

Agenda Item No.189.3 (v)

Monitoring of Annual performance for the Financial Year 2023-24 on the basis of APR

Name of the Govt. SEZ / Private SEZ: Falta Special Economic Zone

a.	Name of the Unit	M/s. DRK Metallurgical Pvt. Ltd. (IEC No. 4005000011)
b.	SEZ name	Falta SEZ
c.	LoA no. & date	FSEZ/LIC/D-21/2005/776 dated 09.05.2005
d.	LoA valid upto	31.05.2026
e.	Date of Commencement of Production	01.06.2006
f.	Authorized operation of the unit	Ammonium Metavanadate, Cobalt Oxide, Ferro Molybdenum, Ferro Nickel, Ferro Titanium, Ferro Tungsten, Ferro Vanadium, LC Ferro Manganese, Molybdenum Concentrate, Processed Cobalt Scrap, Processed Molybdenum Scrap, Processed Nickel scrap, Processed Titanium Scrap, Processed Tungsten Scrap , Slag (Production Process, Slag Production Process), Sodium Tungstate, Tungsten Concentrate, Vanadium Pentoxide.
g.	Performance monitored upto block year	2022-23 and [achieved (+) NFE]
h.	Performance [Annual Performance Report (APR)] to be monitored for block year	2023-24 (3rd year of 4th Block)

Block years of the unit as per DCP:-

1 st Block	2006-07	2007-08	2008-09	2009-10	2010-11
2 nd Block	2011-12	2012-13	2013-14	2014-15	2015-16
3 rd Block	2016-17	2017-18	2018-19	2019-20	2020-21
4 th Block	2021-22	2022-23	2023-24		

2. Export performance of the block year being monitored

(Rs in Lakhs)

Block :4 th	Free on Board value of exports		Net Foreign Exchange (NFE) earned	
	Projection for the block	Actual as per APR	Projection for the block	Actual as per APR
FY-2021-22	1643.94	3809.08	425.02	2332.44
FY-2022-23	1808.33	5005.92	467.52	3089.75
FY-2023-24	1989.16	91.89	514.27	(-)1927.97*
Total	5441.43	8906.89	1406.81	3494.22

3. DTA sales made in the block year being monitored: **Rs. 4685.42 Lakhs.**

4. **Investment made (since inception) & employment generated**

Investment (Rs in crore)		Employment	
Proposed	Actual as per APR	Proposed	Actual as per APR
2.78	5.44	Male : 244 Female : 0	Male :88 Female :00

5. **Delay in APR submission**

Block year	Date of APR submission	No. of days delay
FY-2023-24	30.10.2024	30

6. **Cases pending for Foreign Exchange (FOREX) realization**

Date of export	Name & address of importer	Pending FOREX amount (in INR)
No	No	No

7. Outstanding lease rental dues (if any) on a/c of the unit (as on 31.12.2024): **Advance payment (+) Rs. 4,17,226.63.**

In reply to this Office letter dated 27/12/2024, the unit vide their letter dated 27.12.2024 has clarified that due to unfavourable conditions in the International market of their product, their FOB value of Export has been decreased. This resulted in lower exports and therefore (-) NFE for the year. However, their cumulative NFE for the current block is still positive. Due to the unfavourable market condition, the Unit has done some DTA sale higher than the export for their survival. The employment level of their Unit has been gradually increasing and they have now at 88 employees.

The matter is placed before UAC for discussion/ decision, in terms of Rule 54 of SEZ Rules, 2006.

189.3 - MONITORING OF ANNUAL PERFORMANCE OF SEZ UNITS**189th UAC Meeting to be held on 08/01/2025****Agenda Item No.189.3 (vi)****Monitoring of Annual performance for the Financial Year 2023-24 on the basis of APR****Name of the Govt. SEZ / Private SEZ: Falta Special Economic Zone**

a.	Name of the Unit	M/s. Sonodyne Technologies Pvt. Ltd. [IEC No : 4006000014]
b.	SEZ name	Falta SEZ
c.	LoA no. & date	FSEZ/LIC/S-95/2006/7995 dated 24.03.2006
d.	LoA valid upto	30.11.2026
e.	Date of Commencement of Production (DCP)	01.12.2006
f.	Authorized operation of the unit	Aluminium Die Case parts for Amplifire and speakers, Cabinet Model & Accessories(Musical Box), Electrical machines and apparatus having individual functions, Loud speakers with enclosures, Microphones, Audio Frequency Electric Amplifiers etc.
g.	Performance monitored upto block year	2 nd Year of 4 th Block i.e. upto FY 2022-23 (+ve NFE)
h.	Performance [Annual Performance Report (APR)] to be monitored for block year	3rd Year of 4th Block [2023-24]

Block years of the unit as per DCP:-

1 st Block	2006-07	2007-08	2008-09	2009-10	2010-11
2 nd Block	2011-12	2012-13	2013-14	2014-15	2015-16
3 rd Block	2016-17	2017-18	2018-19	2019-20	2020-21
4 th Block	2021-22	2022-23	2023-24		

1. Export performance of the block year being monitored**(Rs in Lakhs)**

Block :4 th	Free on Board value of exports		Net Foreign Exchange (NFE) earned	
	Projection for the block	Actual as per APR	Projection for the block	Actual as per APR
2021-22	718.80	516.84	419.24	268.00
2022-23	790.68	438.00	461.16	72.15
2023-24	948.82	134.24	555.42	(-)57.65

Total	2458.30	1089.08	1435.82	282.50
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2. **DTA sales made in the block year being monitored (Rs in lakhs): Rs.648.02**

3. **Investment made (since inception) & employment generated**

Investment (Rs in lakhs)		Employment	
Proposed	Actual as per APR	Proposed	Actual as per APR
614.31	934.70	Male :6	Male :100

4. **Delay in APR submission**

Block year	Date of APR submission	No. of days delay
2023-24	30.09.2024	No delay

5. **Cases pending for Foreign Exchange (FOREX) realization**

Date of export	Name & address of importer	Pending FOREX amount (in INR)
No Pending	NA	NA

6. **Outstanding lease rental dues (if any) on a/c of the unit (as on 31.12.2024) : Rs.5,52,333.44**

The matter is placed before UAC for discussion/ decision, in terms of Rule 54 of SEZ Rules, 2006.

189.3 - MONITORING OF ANNUAL PERFORMANCE OF SEZ UNITS

189th UAC Meeting to be held on 08/01/2025

Agenda Item No.189.3 (vii)

Monitoring of Annual performance for the Financial Year 2020-21 to 2023-24 on the basis of APR

Name of the Govt. SEZ / Private SEZ: Falta Special Economic Zone

a.	Name of the Unit	M/s. Vikram Solar Limited(Unit-II)
b.	SEZ name	Falta Special Economic Zone, Kolkata
c.	IEC No.	0205025056
d.	LoA No. & date	FSEZ/LIC/V-19/2013/399 dt.25.04.2013
e.	LoA valid upto	05.01.2026
f.	Date of Commencement of Production (DCP)	06.01.2016
g.	Authorized operation of the unit	Photovoltaic Cells, Solar Equipments and Devices including Solar Fans, Solar Lights, Solar Pumps, Solar Modules etc
h.	Performance monitored upto block year	2019-20 (1 st Block – 5 th Year)[+ve NFE]
i.	Performance [Annual Performance Report (APR)] to be monitored for block year	2020-21 to 2023-24 (1 st to 4 th year, 2 nd Block)

Block years of the unit as per DCP:-

1 st Block	2015-16	2016-17	2017-18	2018-19	2019-20
2 nd Block	2020-21	2021-22	2022-23	2023-24	

1. Export performance of the block year being monitored

(Rs in Lakhs)

Block :2 nd	Free on Board value of exports				Net Foreign Exchange (NFE) earned	
	Projection for the block	Actual as per APR			Projection for the block	Actual as per APR
		FOB Value of Export	Value of supplies u/r 53A(a to k) *	Total Value		
2020-21	114302.81	14825.06	68869.04	83694.10	15924.36	8954.83
2021-22	120017.95	8463.14	48821.17	57284.31	18196.25	(-)6882.75
2022-23	126018.85	26178.04	1555.15	27733.19	20124.28	555.68
2023-24	132319.79	135664.83	1064.92	136729.75	21659.97	47788.09
Total	492659.40	185131.07	120310.28	305441.35	75904.86	50415.85

[* As per the unit, the supplies has been made under **Rule 53A(i) of SEZ Rules, 2006**. Unit has clarified/replied vide letter dated 07.11.2024 (**placed at “Annex-B” at Pg. 39-109**) wherein, it is observed that Customs Notification No.24/2005-Customs dated 01.03.2005 exempts items having heading 8541 from Customs Duty.]

2. **DTA sales made in the block year being monitored (Rs in lakhs) :**

Year	Value
2020-21	68967.08
2021-22	48794.33
2022-23	27733.45
2023-24	136729.75
Total	282224.61

3. **Investment made (since inception) & employment generated**

Investment (Rs in Lakh)		Employment	
Proposed	Actual as per APR	Proposed	Actual as per APR
70690	38276.14	Male : 1100 Female : 04	Male : 963 Female : 03

4. **Delay in APR submission**

Year	Date of APR submission	No. of days delay
2023-24	08.10.2024	08 days
2022-23	16.08.2023	No delay
2021-22	21.10.2022	21 days
2020-21	29.06.2021	No delay

5. **Cases pending for Foreign Exchange (FOREX) realization**

Date of export	Name & address of importer	Pending FOREX amount (in INR)
Nil	Nil	Nil

6. **Outstanding lease rental dues (if any) on a/c of the unit (as on 31.12.2024): NIL**

The matter is placed before UAC for discussion/ decision, in terms of Rule 54 of SEZ Rules, 2006.

189.3 - MONITORING OF ANNUAL PERFORMANCE OF SEZ UNITS

189th UAC Meeting to be held on 08/01/2025

Agenda Item No.189.3 (viii)

Monitoring of Annual performance for the Financial Year 2023-24 on the basis of APR

Name of the Govt. SEZ / Private SEZ: WIPRO Special Economic Zone

a.	Name of the Unit	WIPRO LIMITED (Unit-1) IEC: 0488006040
b.	Registered Office Address	Block-DM, Plot No, 1, 7, 8 & 9 Sector – V, Salt Lake, Kolkata-700 091
c.	Name of the Directors / Proprietor	1) Mr. Rashid A Premji 2) Mr. Srinivas Pallia 3) Mr. Azim Hasham Premji 4) Mr. Kannan Narayanan Srinivasa 5) Dr. Patrick John Ennis 6) Mr. Patrick Lucien Andre Dupuis 7) Mr. Deepak Madhav Satwalekar 8) Ms. Tulsi Naidu 9) Ms. Paivi Rekonen
d.	LOA No. & Date	1(1)/Wipro/2005/246 dt-12/08/2005
e.	LOA valid upto	14/08/2025
f.	Date of Commencement of Service Activities	16/08/2005
g.	Authorized operation of the unit	IT/ITES
h.	Performance monitored upto block year	2022-23 (3 rd year of 4 th Block)
i.	Performance [Annual Performance Report (APR)] to be monitored for block year	2023-24 (4th year of 4th Block)

Block years of the unit as per DCP:-

1st	2005-06	2006-07	2007-08	2008-09	2009-10
2nd	2010-11	2011-12	2012-13	2013-14	2014-15
3rd	2015-16	2016-17	2017-18	2018-19	2019-20
4th	2020-21	2021-22	2022-23	2023-24	

7. Export performance of the block year being monitored

(Rs in Lakhs)

Block-4th	Free on Board value of exports		Net Foreign Exchange (NFE) earned	
	Projection for the block	Actual as per APR	Projection for the block	Actual as per APR
2020-21	62690.00	52103.00	61991.00	51486.00
2021-22	63316.00	56533.00	62610.00	55840.00
2022-23	63949.00	51255.00	63236.00	50645.00

2023-24	64588.00	56737.07	63868.00	56251.11
Total	2,54,543.00	2,16,628.07	251705.00	214222.11

1. **DTA sales made in the block year being monitored** (Rs in lakhs): 5981.34

2. **Investment made (since inception) & employment generated**

Investment (Rs in crore)		Employment	
Proposed	Actual as per APR	Proposed	Actual as per APR
164.86	257.88	Male : 2164 Female : 933	Male : 1955 Female : 1053

3. **Delay in APR submission**

Block year	Date of APR submission	No. of days delay
2023-24, 4 th Year (4th Block)	30.09.2024	NIL

4. **Cases pending for Foreign Exchange (FOREX) realization**

Date of export	Name & address of importer	Pending FOREX amount (in INR)
No	No	No

The matter is placed before UAC for discussion/ decision, in terms of Rule 54 of SEZ Rules, 2006.

189.3 - MONITORING OF ANNUAL PERFORMANCE OF SEZ UNITS

189th UAC Meeting to be held on 08/01/2025

Agenda Item No.189.3 (ix)

Monitoring of Annual performance for the Financial Year 2023-24 on the basis of APR

Name of the Govt. SEZ / Private SEZ: WIPRO Special Economic Zone

a.	Name of the Unit	WIPRO LIMITED (Unit – 2) IEC: 0488006040
b.	Registered Office Address	Block-DM, Plot No, 1, 7, 8 & 9 Sector – V, Salt Lake, Kolkata-700 091
c.	Name of the Directors / Proprietor	1) Mr. Rashid A Premji 2) Mr. Srinivas Pallia 3) Mr. Azim Hasham Premji 4) Mr. Kannan Narayanan Srinivasa 5) Dr. Patrick John Ennis 6) Mr. Patrick Lucien Andre Dupuis 7) Mr. Deepak Madhav Satwalekar 8) Ms. Tulsi Naidu 9) Ms. Paivi Rekonen
d.	LOA No. & Date	Wipro SEZ/LIC/2008/911 Dt-28/3/2008
e.	LOA valid upto	21/04/2025
f.	Date of Commencement of Service Activities	22/04/2010
g.	Authorized operation of the unit	IT/ITES
h.	Performance monitored upto block year	2022-23 (3 rd year of 4 th Block)
i.	Performance [Annual Performance Report (APR)] to be monitored for block year	2023-24 (4th year of 4th Block)

Block years of the unit as per DCP:-

1st	2005-06	2006-07	2007-08	2008-09	2009-10
2nd	2010-11	2011-12	2012-13	2013-14	2014-15
3rd	2015-16	2016-17	2017-18	2018-19	2019-20
4th	2020-21	2021-22	2022-23	2023-24	

2. Export performance of the block year being monitored

(Rs in Lakhs)

Block-4th	Free on Board value of exports		Net Foreign Exchange (NFE) earned	
	Projection for the block	Actual as per APR	Projection for the block	Actual as per APR
2020-21	8449.00	11882.00	8346.00	11793.00
2021-22	8355.00	15864.00	8246.00	15783.00
2022-23	8438.00	24356.00	8323.00	24273.00

2023-24	8523.00	21251.84	8402.00	21192.91
Total	33765.00	73353.84	33317	73041.91

3. **DTA sales made in the block year being monitored** (Rs in lakhs): 1760.76

4. **Investment made (since inception) & employment generated**

Investment (Rs in crore)		Employment	
Proposed	Actual as per APR	Proposed	Actual as per APR
10.61	35.02	Male : 780 Female : 421	Male : 1042 Female : 561

5. **Delay in APR submission**

Block year	Date of APR submission	No. of days delay
2023-24, 4 th Year (4th Block)	30.09.2024	NIL

6. **Cases pending for Foreign Exchange (FOREX) realization**

Date of export	Name & address of importer	Pending FOREX amount (in INR)
No	No	No

The matter is placed before UAC for discussion/ decision, in terms of Rule 54 of SEZ Rules, 2006.

189.3 - MONITORING OF ANNUAL PERFORMANCE OF SEZ UNITS

189th UAC Meeting to be held on 08/01/2025

Agenda Item No.189.3 (x)

Monitoring of Annual performance for the Financial Year 2023-24 on the basis of APR

Name of the Govt. SEZ / Private SEZ: WIPRO Special Economic Zone

a.	Name of the Unit	WIPRO LIMITED (Unit-3) IEC: 0488006040
b.	Registered Office Address	Block-DM, Plot No, 1, 7, 8 & 9 Sector – V, Salt Lake, Kolkata-700 091
c.	Name of the Directors / Proprietor	1) Mr. Rashid A Premji 2) Mr. Srinivas Pallia 3) Mr. Azim Hasham Premji 4) Mr. Kannan Narayanan Srinivasa 5) Dr. Patrick John Ennis 6) Mr. Patrick Lucien Andre Dupuis 7) Mr. Deepak Madhav Satwalekar 8) Ms. Tulsi Naidu 9) Ms. Paivi Rekonen
d.	LOA No. & Date	Wipro SEZ/LIC/Unit-3/2016/1890 Dt-12/09/2016
e.	LOA valid upto	30/09/2028
f.	Date of Commencement of Service Activities	01/10/2018
g.	Authorized operation of the unit	IT/ITES
h.	Performance monitored upto block year	2022-23 (3 rd year of 4 th Block)
i.	Performance [Annual Performance Report (APR)] to be monitored for block year	2023-24 (4th year of 4th Block)

Block years of the unit as per DCP:-

1st	2005-06	2006-07	2007-08	2008-09	2009-10
2nd	2010-11	2011-12	2012-13	2013-14	2014-15
3rd	2015-16	2016-17	2017-18	2018-19	2019-20
4th	2020-21	2021-22	2022-23	2023-24	

2. Export performance of the block year being monitored

(Rs in Lakhs)

Block-4th	Free on Board value of exports		Net Foreign Exchange (NFE) earned	
	Projection for the block	Actual as per APR	Projection for the block	Actual as per APR
2020-21	30423.95	6724.00	30215.31	6675.00
2021-22	31945.15	17578.00	31723.51	17524.00
2022-23	33542.41	50126.00	33306.97	50055.00

2023-24	35219.53	52458.52	34969.69	52290.80
Total	131131.04	126886.52	130215.48	126544.8

3. **DTA sales made in the block year being monitored** (Rs in lakhs): 123.03

4. **Investment made (since inception) & employment generated**

Investment (Rs in crore)		Employment	
Proposed	Actual as per APR	Proposed	Actual as per APR
31.87	46.08	Male : 1300 Female : 710	Male : 1002 Female : 540

5. **Delay in APR submission**

Block year	Date of APR submission	No. of days delay
2023-24, 4 th Year (4th Block)	30.09.2024	NIL

6. **Cases pending for Foreign Exchange (FOREX) realization**

Date of export	Name & address of importer	Pending FOREX amount (in INR)
No	No	No

The matter is placed before UAC for discussion/ decision, in terms of Rule 54 of SEZ Rules, 2006.

189.3 - Candor Kolkata One Hi-tech Infrastructure Pvt Ltd IT/ITES SEZ

189th UAC Meeting to be held on 08/01/2025

Agenda Item No.189.3 (xi)

Monitoring of Annual performance for the Financial Year 2022-23 to 2023-24 on the basis of APR

NAME OF THE SEZ – Candor Kolkata One Hi-tech Infrastructure Pvt Ltd IT/ITES SEZ

a.	Name of the Unit	M/s. Concentrix Daksh Services India Pvt Ltd (IEC Code: 5199002503)
b.	SEZ name	M/s Candor Kolkata One Hi-tech structures Pvt Ltd IT/ITES SEZ Kolkata
c.	LoA no. & date	SEZ/IT/ITES/ER/U-16/2010/447 Dated 19/05/2010
d.	LoA valid upto	15.07.2027
e.	Date of Commencement of Production (DCP)	16.07.2012
f.	Authorized operation of the unit	IT/ITES services
g.	Performance monitored upto block year	2 nd Block
h.	Performance [Annual Performance Report (APR)] to be monitored for block year	FY 2022-23 & 2023-24 (1st & 2nd year of 3rd Block)

Block years of the unit as per DCP:-

1st	2012-13	2013-14	2014-15	2015-16	2016-17
2nd	2017-18	2018-19	2019-20	2020-21	2021-22
3rd	2022-23	2023-24			

2. Export performance of the block year being monitored

(Rs in Lakhs)

Block :3 rd	Free on Board value of exports		Net Foreign Exchange (NFE) earned	
	Projection for the block	Actual as per APR	Projection for the block	Actual as per APR
2022-23	1995.54	1691.01	1922.53	1680.70
2023-24	2095.32	1661.20	2015.87	1651.24
Total	4090.86	3352.21	3938.40	3331.94

3. DTA sales made in the block year being monitored (Rs in lakhs): Yes

(Rs in Lakhs)

Block :3 rd	DTA Sales		Total DTA Sales	
	Sale of finished services	Sale of waste/scrap/remnant		
2022-23	0	4.21		4.21
2023-24	0	1.23		1.23

4. Investment made (since inception) & employment generated

Investment (Rs in Lakhs)		Employment	
Proposed	Actual as per APR	Proposed	Actual as per APR
2241.27(for Current Block)	1187.57	Male : 327 Female : 140	Male :251 Female : 67

5. Delay in APR submission

Block year	Date of APR submission	No. of days delay
2022-23	05/09/2023 (revised on 24/09/2024)	Nil
2023-24	27/09/2024	Nil

6. Cases pending for Foreign Exchange (FOREX) realization

Date of export	Name & address of importer	Pending FOREX amount (in INR Lakhs)
2022-23	M/s Concentrix Solution Corporation (US based)	544
2023-24	M/s Concentrix Solution Corporation (US based)	59.77

7. Outstanding lease rental dues (if any) on a/c of the unit (as on date of monitoring): N.A
(Private SEZ Developer)

The matter is placed before UAC for discussion/ decision, in terms of Rule 54 of SEZ Rules, 2006.

189.3 - MANIKANCHAN SPECIAL ECONOMIC ZONE**189th UAC Meeting to be held on 08/01/2025****Agenda Item No.189.3 (xii)****Monitoring of Annual performance for the Financial Year 2023-24 on the basis of APR****Name of the Govt. SEZ / Private SEZ: Manikanchan Special Economic Zone**

a.	Name of the Unit	M/s. Senco Gold Limited (IEC Code: 0206024941)
b.	SEZ name	Manikanchan SEZ
c.	LoA No. & date	MKSEZ/LIC/S-7/2005/33 dtd. 28/04/2005
d.	LoA valid upto	11/07/2025
e.	Date of Commencement of Production (DCP)	12/07/2007
f.	Authorized operation of the unit	Plain & Studded Gold & Platinum Jewellery
g.	Performance monitored upto block year	2022-23
h.	Performance [Annual Performance Report (APR)] to be monitored for block year	2nd Year (2023-24) of 4th Block

2. Block years of the unit as per DCP:

1 st Block	2007-08	2008-09	2009-10	2010-11	2011-12
2 nd Block	2012-13	2013-14	2014-15	2015-16	2016-17
3 rd Block	2017-18	2018-19	2019-20	2020-21	2021-22
4 th Block	2022-23	2023-24			

3. Export performance of the block year being monitored:

(Rs in Lakhs)

Block: 4 th	Free on Board value of exports		Net Foreign Exchange (NFE) earned	
	Projection for the Block	Actual as per APR	Projection for the Block	Actual as per APR
Year 1 (2022-23)	1250.45	00	40.10	00
Year 2 (2023-24)	1350.56	00	45.31	00
Year 3 (2024-25)	1450.35		46.22	
Year 4 (2025-26)	1560.68		49.30	
Year 5 (2026-27)	1680.85		78.17	
Total	7292.89	00	259.10	00

4. DTA sales made in the block year being monitored (Rs. in lakhs): NIL**5. Investment made (since inception) & employment generated**

Investment (Rs. in Crore)		Employment	
Proposed	Actual as per APR	Proposed	Actual as per APR

2.42	1.12	Male : 12	Male : 00
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6. Delay in APR submission

Block year	Date of APR submission	No. of days delay
2022-23	30/06/2023	N.A
2023-24	18/09/2024	N.A

7. Cases pending for Foreign Exchange (FOREX) realization

Date of export	Name & address of importer	Pending FOREX amount (in INR)
N.A	NIL	NIL

8. Outstanding lease rental dues on a/c of the unit as on 31.12.2024: N.A (as WBIDC being the Developer)

The Unit was show caused for their non-performance vide this Office Lr. No. MKSEZ/LIC/ S-7/2005/1036 dated 01/12/2023 in r/o the decision taken in 169th UAC. The Unit has submitted their reply vide letter dated 11/01/2024. Subject SCN was withdrawn in pursuance to the decision of 174th UAC. Copies of above documents are enclosed at **Annexure –C (Pg. 110-115)**.

The matter is placed before UAC for discussion/ decision, in terms of Rule 54 of SEZ Rules, 2006.

189.3 - MANIKANCHAN SPECIAL ECONOMIC ZONE

189th UAC Meeting to be held on 08/01/2025

Agenda Item No.189.3 (xiii)

Monitoring of Annual performance for the Financial Year 2023-24 on the basis of APR

Name of the Govt. SEZ / Private SEZ: Manikanchan Special Economic Zone

a.	Name of the Unit	M/s. Zenith International (IEC Code: 0205019081)
b.	SEZ name	Manikanchan SEZ
c.	LoA No. & date	MKSEZ/LIC/Z-1/2005/844(a) Dtd.10/02/2006
d.	LoA valid upto	17/12/2026
e.	Date of Commencement of Production (DCP)	18/12/2006
f.	Authorized operation of the unit	Gold Ornaments, Diamond Jewellery (Studded/ Un-studded with diamonds precious & non-precious stones)
g.	Performance monitored upto block year	2022-23
h.	Performance [Annual Performance Report (APR)] to be monitored for block year	3rd Year (23-24) of 4th Block

2. Block years of the unit as per DCP:

1 st Block	2006-07	2007-08	2008-09	2009-10	2010-11
2 nd Block	2011-12	2012-13	2013-14	2014-15	2015-16
3 rd Block	2016-17	2017-18	2018-19	2019-20	2020-21
4 th Block	2021-22	2022-23	2023-24		

3. Export performance of the block year being monitored:

(Rs in Lakhs)

Block: 4 th	Free on Board value of exports		Net Foreign Exchange (NFE) earned		Value Addition during the year (%)	
	Projection for the Block	Actual as per APR	Projection for the Block	Actual as per APR	Studded Diamond/ Gold Jewellery	Plain Gold Jewellery
Year 1 (2021-22)	13520.61	21770.84	709.83	1065.48	17.87	3.77
Year 2 (2022-23)	14872.67	44890.61	780.82	2016.44	14.82	4.17
Year 3 (2023-24)	16359.94	562.00	858.90	222.22	7.32	4.11
Year 4 (2024-25)	17995.93	N.A	944.79	N.A	N.A	N.A
Year 5 (2025-26)	19795.52	N.A	1039.26	N.A	N.A	N.A
Total	82544.67	67223.45 *	4333.60	3304.14 *		

*Value for 03 years of 4th Block.

4. **DTA sales made in the block year being monitored (Rs. in lakhs): NIL**

5. **Investment made (since inception) & employment generated**

Investment (Rs. in Crore)		Employment	
Proposed	Actual as per APR	Proposed	Actual as per APR
0.30	0.15	Male : 12	Male : 11

6. **Delay in APR submission**

Block year	Date of APR submission	No. of days delay
2021-22	12/10/2023	09 days
2022-23	16/10/2023	15 days
2023-24	26/11/2024	1 month 25 days

7. **Cases pending for Foreign Exchange (FOREX) realization**

Date of export	Name & address of importer	Pending FOREX amount (in INR)
N.A	NIL	NIL

8. **Outstanding lease rental dues on a/c of the unit as on 31.12.2024: N.A (as WBIDC being the Developer)**

The matter is placed before UAC for discussion/ decision, in terms of Rule 54 of SEZ Rules, 2006.

e-1103521

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19/12
DCC (PV)
JMA 23/12
ADCC (BK)
Snap PV
23/12/24

18th December 2024

VSL/CS/097/2024 dated 18.12.2024

To
The Development Commissioner,
Falta Special Economic Zone,
Nizam Palace, 234/4 A J C Bose Road,
Kolkata - 700 020.

Dear Sir,

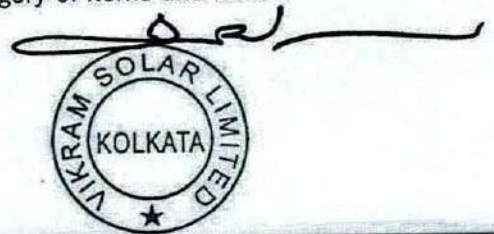
Sub: Addition to new item falling under CTH 8501 to LOA No. FSEZ/LIC/V-19/2013/1857 dated 06.01.2021

We write to inform you that we currently have the Solar Photovoltaic module Manufacturing in the aforesaid LOA.

We have been receiving demand from our customers to provide them with Solar PV Modules which have a feature of protecting the solar PV Modules from reverse flow of current from the Solar Power Plant. To meet the evolving needs of our customers and leverage the latest technological advancements, we were doing our research along with inputs from our suppliers and have finally succeeded to develop the required Solar PV Module by incorporating a blocking diode along with the existing bypass diodes in the Junction Box fitted with the Modules. This blocking diode will prevent reverse current flow from the connected devices of the Solar Power Plant like SCB (String Combiner Boxes), Invertors etc. The primary function of the blocking diode is to ensure unidirectional current flow, safeguarding the system and optimizing overall performance and reliability. We are pleased to inform you that we have been successful in making this significant breakthrough wherein both blocking and bypass diodes will be incorporated into our Solar Module which will lead to dual benefits of the features of both the diodes.

Our existing Solar PV Module have diodes which function as bypass diode only, as such are categorised under CTH 8541

The newly developed Solar PV Modules are fitted with bypass and blocking diodes and while going through the Customs Order Instruction No. 08/2018, Sl. No. 4C, we understand that the new Solar PV Modules shall fall under CTH 8501 and not under CTH 8541. For your reference, a copy of the Customs Order is attached as (Annexure I). The proposed new product does not fall under the restricted category of items and is also freely exportable.



VIKRAM SOLAR LIMITED

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CIN U18100WB2005PLC106448

▶ **MANUFACTURING PLANT- FALTA**

Special Economic Zone, Sector 2, Falta,
24 Parganas (South), West Bengal, 743 504 India

▶ **MANUFACTURING PLANT- CHENNAI**

B1000A, B1100C, Indospace Industrial Park
Panaiyur Karichipuram, Tamil Nadu 631 604, India

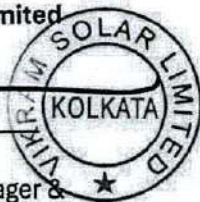


Since the product as detailed above is a new product falling under CTH 8501 which warrant inclusion of the same under our existing LOA along with exiting product falling under CTH 8541, you are humbly requested to kindly approve the same and kindly let us know if you require any further information/ documents in this regard.

Thanking you,

Yours Faithfully,
For Vikram Solar Limited

Sudipta Bhowal
Senior General Manager &
Company Secretary



Enc: Annexure I

Tax Management India .com

<https://www.taxmanagementindia.com>

Order-Instruction - Customs

INSTRUCTION No. 08/2018 -Customs

F. No. 528/90/2016-STO (TU)

Government of India

Ministry of Finance

Department of Revenue

(Central Board of Indirect Taxes and Customs)

North Block, New Delhi

Dated: 06.04.2018

To,

All Principal Chief Commissioner Of Customs/ Principal Chief Commissioner of Customs & Central Excise/
Principal Director General,

All Chief Commissioner of Customs/ All Chief Commissioner of Customs & Central Excise/ Director
General,

All Principal Commissioner of Customs/Customs (Preventive),

All Commissioner of Customs/ Customs (Preventive).

Madam/Sir,

Subject: Clarification regarding classification of Solar Panel/Module equipped with Elements regarding.

Attention is invited to the Board's Letter dated 22.09.2016 (copy enclosed) on the classification of solar modules, wherein, it was clarified that:

- a) If the solar panel/module is equipped with elements and these elements supply the power to an external load i.e. a motor, an electrolyser etc., then the solar panel/module is classifiable under CTH 8501.
- b) However, if the solar panel/module is equipped with elements but these elements do not supply the power to an external load i.e. a motor, an electrolyser etc., then the solar panel/module is classifiable under CTH 8541.
- c) Solar panel/module without element is classifiable under CTH 8541.

2. In this regard, Board has further received representations from the trade regarding classification of solar modules/panels equipped with bypass diodes. The trade is of the view that the function of the bypass diodes in the module is to protect the solar modules/panels at the time of shading of solar cells and not to control the direction of the current. Therefore, in their opinion, solar modules equipped with bypass diode merits classification under Heading 8541.



3. The issue has been examined by the Board with reference to the decisions of World Customs Organizations in the matter and in this regard it is stated that the most common function of a diode is to allow an electric current to pass in one direction (in forward biasing), while blocking it in the opposite direction (in reverse biasing). Depending on its position in the solar module/panel, it is referred as bypass diode or blocking diode.

Bypass diodes: These are commonly connected in parallel across pairs of solar cells or linear interconnected strands of cells, and prevent damage to solar cells when one or more cells receive much lower solar radiation than the rest of the array (as when the sun's rays are temporarily blocked by a tree limb or other article producing shade). Under normal conditions with no shading, every cell on the module will generate power and the bypass diode will be inactive as it will remain in reverse bias position. However, if part of the module becomes shaded (e.g. by a leaf or an object), the shaded cells will cease to generate power and will consume the energy produced by the active cells. As a result, the shaded cells would overheat and deteriorate. Bypass diode, therefore, protects the shaded cells from overheating, damage by diverting the electrical current around strings with shaded cells and through an external circuit. When part of the module becomes shaded, the bypass diode wired in parallel to the string with shaded cells will conduct current. As a result, the current will flow through the bypass diode and around the shaded string. Therefore, solar modules/panels equipped with such diodes would not meet the terms of the exclusion of the Explanatory Note to heading 85.41 and merits classification under CTH 8541.

Blocking Diode: On the other hand, blocking diodes are usually attached in a series to the final output of the solar panel or module, and control the aggregate output (for example, preventing a reverse power flow from a connected electric accumulator). Therefore, the function of blocking diodes is to prevent a reverse power flow from connected devices. Since the blocking diode blocks the current in the opposite direction, which can be considered as a control of the direction of the current as mentioned in the Explanatory Note to heading 85.01, therefore, solar modules/panels equipped with blocking diode merits classification under CTH 8501.

4. In view of above, it is clarified that:

- a. the solar panels or modules equipped with bypass diodes are classifiable in heading 8541.
- b. the solar panels or modules equipped with blocking diodes are classifiable in heading 8501.
- c. the solar panels or modules equipped with blocking diodes and bypass diodes are classifiable in heading 8501.

5. Difficulty faced, if any, may be brought to notice of the Board.

Yours faithfully

(Piyush Bhardwaj)

STO (TU)



e-1070132

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vikramsolar
CREATING CLIMATE FOR CHANGE

November 7, 2024

BY HAND DELIVERY

VSL/CS/093/2024 dated 07.11.2024

To
Mr. Parthasarathi Ghosh,
Deputy Development Commissioner,
Falta Special Economic Zone,
Department of Commerce,
2nd M. S. O. Building, 4th Floor,
Nizam Palace, Kolkata 700020



Handwritten notes and signatures, including 'ADC (BK)'.

Dear Sir,

Reference: Submission of documents against Letter Ref no FSEZ/LIC/W-5/2023/1019 dated 09.10.2024

Subject: Monitoring of APR for the financial year 2020-21, 2021-22 and 2022-23

This is in reference to the above referred letter received and further discussion we had with you at your office on the subject. As discussed during the meeting, we are now submitting the following documents which state that Customs Duty is being exempted on all 217 tariff lines covered under the Information Technology Agreement (ITA). Further, all goods imported for the manufacture of ITA bound items are also exempted from payment of Customs duty.

1. Copy of Information Technology Agreement (ITA),
2. Copy of Budget Highlights for 2025-06 dated 28.02.2005 issued by Government of India,
3. Copy of Budget Speech by Finance Minister for Budget 2025-06 dated 28.02.2005 issued by Government of India,
4. Copy of Notification No 25/98- Customs dated 02.06.1998,
5. Copy of Notification No 24/2005- Customs dated 01.03.2005,
6. Copy of letter issued by the Jt Secretary, Ministry of Finance, vide File No 334/1/2005-TRU dated 28.02.2005 citing the salient features of the budget proposals.

Request you to go through the documents/ notifications and let us know if you require any further details/ documents or want to discuss this further towards closure.

Thanking you,

Yours faithfully,
For VIKRAM SOLAR LIMITED


SUDIPTA BHOWAL
Senior General Manager &
Company Secretary



Encl: As stated above

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MINISTERIAL CONFERENCE
Singapore, 9-13 December 1996

**MINISTERIAL DECLARATION ON TRADE IN
INFORMATION TECHNOLOGY PRODUCTS**

SINGAPORE, 13 DECEMBER 1996

Ministers,

Representing the following Members of the World Trade Organization ("WTO"), and States or separate customs territories in the process of acceding to the WTO, which have agreed in Singapore on the expansion of world trade in information technology products and which account for well over 80 per cent of world trade in these products ("parties"):

Australia
Canada
European Communities
Hong Kong
Iceland
Indonesia
Japan
Korea

Norway
Separate Customs Territory of Taiwan,
Penghu, Kinmen and Matsu
Singapore
Switzerland¹
Turkey
United States

Considering the key role of trade in information technology products in the development of information industries and in the dynamic expansion of the world economy,

Recognizing the goals of raising standards of living and expanding the production of and trade in goods;

Desiring to achieve maximum freedom of world trade in information technology products;

Desiring to encourage the continued technological development of the information technology industry on a world-wide basis;

Mindful of the positive contribution information technology makes to global economic growth and welfare;

¹On behalf of the customs union Switzerland and Liechtenstein.

Having agreed to put into effect the results of these negotiations which involve concessions additional to those included in the Schedules attached to the Marrakesh Protocol to the General Agreement on Tariffs and Trade 1994, and

Recognizing that the results of these negotiations also involve some concessions offered in negotiations leading to the establishment of Schedules annexed to the Marrakesh Protocol,

Declare as follows:

1. Each party's trade regime should evolve in a manner that enhances market access opportunities for information technology products.
2. Pursuant to the modalities set forth in the Annex to this Declaration, each party shall bind and eliminate customs duties and other duties and charges of any kind, within the meaning of Article II:1(b) of the General Agreement on Tariffs and Trade 1994, with respect to the following:
 - (a) all products classified (or classifiable) with Harmonized System (1996) ("HS") headings listed in Attachment A to the Annex to this Declaration; and
 - (b) all products specified in Attachment B to the Annex to this Declaration, whether or not they are included in Attachment A;

through equal rate reductions of customs duties beginning in 1997 and concluding in 2000, recognizing that extended staging of reductions and, before implementation, expansion of product coverage may be necessary in limited circumstances.

3. Ministers express satisfaction about the large product coverage outlined in the Attachments to the Annex to this Declaration. They instruct their respective officials to make good faith efforts to finalize plurilateral technical discussions in Geneva on the basis of these modalities, and instruct these officials to complete this work by 31 January 1997, so as to ensure the implementation of this Declaration by the largest number of participants.

4. Ministers invite the Ministers of other Members of the WTO, and States or separate customs territories in the process of acceding to the WTO, to provide similar instructions to their respective officials, so that they may participate in the technical discussions referred to in paragraph 3 above and participate fully in the expansion of world trade in information technology products.

Annex: Modalities and Product Coverage

Attachment A: list of HS headings

Attachment B: list of products

ANNEX

Modalities and Product Coverage

Any Member of the World Trade Organization, or State or separate customs territory in the process of acceding to the WTO, may participate in the expansion of world trade in information technology products in accordance with the following modalities:

1. Each participant shall incorporate the measures described in paragraph 2 of the Declaration into its schedule to the General Agreement on Tariffs and Trade 1994, and, in addition, at either its own tariff line level or the Harmonized System (1996) ("HS") 6-digit level in either its official tariff or any other published versions of the tariff schedule, whichever is ordinarily used by importers and exporters. Each participant that is not a Member of the WTO shall implement these measures on an autonomous basis, pending completion of its WTO accession, and shall incorporate these measures into its WTO market access schedule for goods.

2. To this end, as early as possible and no later than 1 March 1997 each participant shall provide all other participants a document containing (a) the details concerning how the appropriate duty treatment will be provided in its WTO schedule of concessions, and (b) a list of the detailed HS headings involved for products specified in Attachment B. These documents will be reviewed and approved on a consensus basis and this review process shall be completed no later than 1 April 1997. As soon as this review process has been completed for any such document, that document shall be submitted as a modification to the Schedule of the participant concerned, in accordance with the Decision of 26 March 1980 on Procedures for Modification and Rectification of Schedules of Tariff Concessions (BISD 27S/25).

- (a) The concessions to be proposed by each participant as modifications to its Schedule shall bind and eliminate all customs duties and other duties and charges of any kind on information technology products as follows:
 - (i) elimination of such customs duties shall take place through rate reductions in equal steps, except as may be otherwise agreed by the participants. Unless otherwise agreed by the participants, each participant shall bind all tariffs on items listed in the Attachments no later than 1 July 1997, and shall make the first such rate reduction effective no later than 1 July 1997, the second such rate reduction no later than 1 January 1998, and the third such rate reduction no later than 1 January 1999, and the elimination of customs duties shall be completed effective no later than 1 January 2000. The participants agree to encourage autonomous elimination of customs duties prior to these dates. The reduced rate should in each stage be rounded off to the first decimal; and
 - (ii) elimination of such other duties and charges of any kind, within the meaning of Article II:1(b) of the General Agreement, shall be completed by 1 July 1997, except as may be otherwise specified in the participant's document provided to other participants for review.
- (b) The modifications to its Schedule to be proposed by a participant in order to implement its binding and elimination of customs duties on information technology products shall achieve this result:
 - (i) in the case of the HS headings listed in Attachment A, by creating, where appropriate, sub-divisions in its Schedule at the national tariff line level; and

- (ii) in the case of the products specified in Attachment B, by attaching an annex to its Schedule including all products in Attachment B, which is to specify the detailed HS headings for those products at either the national tariff line level or the HS 6-digit level.

Each participant shall promptly modify its national tariff schedule to reflect the modifications it has proposed, as soon as they have entered into effect.

3. Participants shall meet periodically under the auspices of the Council on Trade in Goods to review the product coverage specified in the Attachments, with a view to agreeing, by consensus, whether in the light of technological developments, experience in applying the tariff concessions, or changes to the HS nomenclature, the Attachments should be modified to incorporate additional products, and to consult on non-tariff barriers to trade in information technology products. Such consultations shall be without prejudice to rights and obligations under the WTO Agreement.

4. Participants shall meet as soon as practicable and in any case no later than 1 April 1997 to review the state of acceptances received and to assess the conclusions to be drawn therefrom. Participants will implement the actions foreseen in the Declaration provided that participants representing approximately 90 per cent of world trade² in information technology products have by then notified their acceptance, and provided that the staging has been agreed to the participants' satisfaction. In assessing whether to implement actions foreseen in the Declaration, if the percentage of world trade represented by participants falls somewhat short of 90 per cent of world trade in information technology products, participants may take into account the extent of the participation of States or separate customs territories representing for them the substantial bulk of their own trade in such products. At this meeting the participants will establish whether these criteria have been met.

5. Participants shall meet as often as necessary and no later than 30 September 1997 to consider any divergence among them in classifying information technology products, beginning with the products specified in Attachment B. Participants agree on the common objective of achieving, where appropriate, a common classification for these products within existing HS nomenclature, giving consideration to interpretations and rulings of the Customs Co-operation Council (also known as the World Customs Organization or "WCO"). In any instance in which a divergence in classification remains, participants will consider whether a joint suggestion could be made to the WCO with regard to updating existing HS nomenclature or resolving divergence in interpretation of the HS nomenclature.

6. The participants understand that Article XXIII of the General Agreement will address nullification or impairment of benefits accruing directly or indirectly to a WTO Member participant through the implementation of this Declaration as a result of the application by another WTO Member participant of any measure, whether or not that measure conflicts with the provisions of the General Agreement.

7. Each participant shall afford sympathetic consideration to any request for consultation from any other participant concerning the undertakings set out above. Such consultations shall be without prejudice to rights and obligations under the WTO Agreement.

8. Participants acting under the auspices of the Council for Trade in Goods shall inform other Members of the WTO and States or separate customs territories in the process of acceding to the WTO of these modalities and initiate consultations with a view to facilitate their participation in the expansion of trade in information technology products on the basis of the Declaration.

²This percentage shall be calculated by the WTO Secretariat on the basis of the most recent data available at the time of the meeting.

9. As used in these modalities, the term "participant" shall mean those Members of the WTO, or States or separate customs territories in the process of acceding to the WTO, that provide the document described in paragraph 2 no later than 1 March 1997.

10. This Annex shall be open for acceptance by all Members of the WTO and any State or any separate customs territory in the process of acceding to the WTO. Acceptances shall be notified in writing to the Director-General who shall communicate them to all participants.

There are two attachments to the Annex.

Attachment A lists the HS headings or parts thereof to be covered.

Attachment B lists specific products to be covered by an ITA wherever they are classified in the HS .

Attachment A, Section 1

HS96		HS description
3818		Chemical elements doped for use in electronics, in form of discs, wafers or similar forms; chemical compounds doped for use in electronics
8469	11	Word processing machines
8470		Calculating machines and pocket-size data recording, reproducing and displaying machines with a calculating function; accounting machines, postage franking machines, ticket-issuing machines and similar machines, incorporating a calculating devices; cash registers:
8470	10	Electronic calculators capable of operating without an external source of electric power and pocket size data recording, reproducing and displaying machines with calculating functions
8470	21	Other electronic calculating machines incorporating a printing device
8470	29	Other
8470	30	Other calculating machines
8470	40	Accounting machines
8470	50	Cash registers
8470	90	Other
8471		Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included:
8471	10	Analogue or hybrid automatic data processing machines
8471	30	Portable digital automatic data processing machines, weighing no more than 10 kg, consisting of at least a central processing unit, a keyboard and a display
8471	41	Other digital automatic data processing machines comprising in the same housing at least a central processing unit and an input and output unit, whether or not combined
8471	49	Other digital automatic data processing machines presented in the form of systems
8471	50	Digital processing units other than those of subheading 8471 41 and 8471 49, whether or not in the same housing one or two of the following types of units : storage units, input units, output units
8471	60	Input or output units, whether or not containing storage units in the same housing

	8471	70	Storage units, including central storage units, optical disk storage units, hard disk drives and magnetic tape storage units
	8471	80	Other units of automatic data processing machines
	8471	90	Other
ex	8472	90	Automatic teller machines
	8473	21	Parts and accessories of the machines of heading No 8470 of the electronic calculating machines of subheading 8470 10, 8470 21 and 8470 29
	8473	29	Parts and accessories of the machines of heading No 8470 other than the electronic calculating machines of subheading 8470 10, 8470 21 and 8470 29
	8473	30	Parts and accessories of the machines of heading No 8471
	8473	50	Parts and accessories equally suitable for use with machines of two or more of the headings Nos. 8469 to 8472
ex	8504	40	Static converters for automatic data processing machines and units thereof, and telecommunication apparatus
ex	8504	50	Other inductors for power supplies for automatic data processing machines and units thereof, and telecommunication apparatus
	8517		Electrical apparatus for line telephony or line telegraphy, including line telephone sets with cordless handsets and telecommunication apparatus for carrier-current line systems or for digital line systems; videophones:
	8517	11	Line telephone sets with cordless handsets
	8517	19	Other telephone sets and videophones
	8517	21	Facsimile machines
	8517	22	Teleprinters
	8517	30	Telephonic or telegraphic switching apparatus
	8517	50	Other apparatus, for carrier-current line systems or for digital line systems
	8517	80	Other apparatus including entry-phone systems
	8517	90	Parts of apparatus of heading 8517
ex	8518	10	Microphones having a frequency range of 300 Hz to 3,4 KHz with a diameter of not exceeding 10 mm and a height not exceeding 3 mm, for telecommunication use
ex	8518	30	Line telephone handsets
ex	8518	29	Loudspeakers, without housing, having a frequency range of 300 Hz to 3,4 KHz with a diameter of not exceeding 50 mm, for telecommunication use
	8520	20	Telephone answering machines
	8523	11	Magnetic tapes of a width not exceeding 4 mm
	8523	12	Magnetic tapes of a width exceeding 4 mm but not exceeding 6,5 mm
	8523	13	Magnetic tapes of a width exceeding 6,5 mm

	8523	20	Magnetic discs
	8523	90	Other
	8524	31	Discs for laser reading systems for reproducing phenomena other than sound or image
ex	8524	39	Other : - for reproducing representations of instructions, data, sound, and image, recorded in a machine readable binary form, and capable of being manipulated or providing interactivity to a user, by means of an automatic data processing machine
	8524	40	Magnetic tapes for reproducing phenomena other than sound or image
	8524	91	Media for reproducing phenomena other than sound or image
ex	8424	99	Other : - for reproducing representations of instructions, data, sound, and image, recorded in a machine readable binary form, and capable of being manipulated or providing interactivity to a user, by means of an automatic data processing machine
ex	8525	10	Transmission apparatus other than apparatus for radio-broadcasting or television
	8525	20	Transmission apparatus incorporating reception apparatus
ex	8525	40	Digital still image video cameras
ex	8527	90	Portable receivers for calling, alerting or paging
ex	8529	10	Aerials or antennae of a kind used with apparatus for radio-telephony and radio-telegraphy
ex	8529	90	Parts of: transmission apparatus other than apparatus for radio-broadcasting or television transmission apparatus incorporating reception apparatus digital still image video cameras, portable receivers for calling, alerting or paging
	8531	20	Indicator panels incorporating liquid crystal devices (LCD) or light emitting diodes (LED)
ex	8531	90	Parts of apparatus of subheading 8531 20
	8532		Electrical capacitors, fixed, variable or adjustable (pre-set):
	8532	10	Fixed capacitors designed for use in 50/60 Hz circuits and having a reactive power handling capacity of not less than 0,5 kvar (power capacitors)
	8532	21	Tantalum fixed capacitors
	8532	22	Aluminium electrolytic fixed capacitors
	8532	23	Ceramic dielectric, single layer fixed capacitors
	8532	24	Ceramic dielectric, multilayer fixed capacitors
	8532	25	Dielectric fixed capacitors of paper or plastics
	8532	29	Other fixed capacitors
	8532	30	Variable or adjustable (pre-set) capacitors

	8532	90	Parts
	8533		Electrical resistors (including rheostats and potentiometers), other than heating resistors:
	8533	10	Fixed carbon resistors, composition or film types
	8533	21	Other fixed resistors for a power handling capacity not exceeding 20 W
	8533	29	Other fixed resistors for a power handling capacity of 20 W or more
	8533	31	Wirewound variable resistors, including rheostats and potentiometers, for a power handling capacity not exceeding 20 W
	8533	39	Wirewound variable resistors, including rheostats and potentiometers, for a power handling capacity of 20 W or more
	8533	40	Other variable resistors, including rheostats and potentiometers
	8533	90	Parts
	8534		Printed circuits
ex	8536	50	Electronic AC switches consisting of optically coupled input and output circuits (Insulated thyristor AC switches)
ex	8536	50	Electronic switches, including temperature protected electronic switches, consisting of a transistor and a logic chip (chip-on-chip technology) for a voltage not exceeding 1000 volts
ex	8536	50	Electromechanical snap-action switches for a current not exceeding 11 amps
ex	8536	69	Plugs and sockets for co-axial cables and printed circuits
ex	8536	90	Connection and contact elements for wires and cables
	8541		Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices, including photovoltaic cells whether or not assembled in modules or made up into panels; light-emitting diodes; mounted piezo-electric crystals:
	8541	10	Diodes, other than photosensitive or light-emitting diodes
	8541	21	Transistors, other than photosensitive transistors, with a dissipation rate of less than 1 W
	8541	29	Transistors, other than photosensitive transistors, with a dissipation rate of 1 W or more
	8541	30	Thyristors, diacs and triacs, other than photosensitive devices
	8541	40	Photosensitive semiconductor devices, including photovoltaic cells whether or not assembled in modules or made up into panels; light emitting diodes
	8541	50	Other semiconductor devices
	8541	60	Mounted piezo-electric crystals
	8541	90	Parts

	8542		Electronic integrated circuits and microassemblies
	8542	12	Cards incorporating an electronic integrated circuit ('smart' cards)
	8542	13	Metal oxide semiconductors (MOS technology)
	8542	14	Circuits obtained by bipolar technology
	8542	19	Other monolithic digital integrated circuits, including circuits obtained by a combination of bipolar and MOS technologies (BIMOS technology)
	8542	30	Other monolithic integrated circuits
	8542	40	Hybrid integrated circuits
	8542	50	Electronic microassemblies
	8542	90	Part
	8543	81	Proximity cards and tags
ex	8543	89	Electrical machines with translation or dictionary functions
ex	8544	41	Other electric conductors, for a voltage not exceeding 80 V, fitted with connectors, of a kind used for telecommunications
ex	8544	49	Other electric conductors, for a voltage not exceeding 80 V, not fitted with connectors, of a kind used for telecommunications
ex	8544	51	Other electric conductors, for a voltage exceeding 80 V but not exceeding 1000 V, fitted with connectors, of a kind used for telecommunications
	8544	70	Optical fibre cables
	9009	11	Electrostatic photocopying apparatus, operating by reproducing the original image directly onto the copy (direct process)]
	9009	21	Other photocopying apparatus, incorporating an optical system
	9009	90	Parts and accessories
	9026		Instruments and apparatus for measuring or checking the flow, level, pressure or other variables of liquids or gases (for example, flow meters, level gauges, manometers, heat meters), excluding instruments and apparatus of heading No 9014, 9015, 9028 or 9032:
	9026	10	Instruments for measuring or checking the flow or level of liquids
	9026	20	Instruments and apparatus for measuring or checking pressure
	9026	80	Other instruments and apparatus for measuring or checking of heading 9026
	9026	90	Parts and accessories of instruments and apparatus of heading 9026
	9027	20	Chromatographs and electrophoresis instruments
	9027	30	Spectrometers, spectrophotometers and spectrographs using optical radiations (UV, visible, IR)

	9027	50	Other instruments and apparatus using optical radiations (UV, visible, IR) of heading No 9027
	9027	80	Other instruments and apparatus of heading No 9027 (other than those of heading No 9027 10)
ex	9027	90	Parts and accessories of products of heading 9027, other than for gas or smoke analysis apparatus and microtomes
	9030	40	Instruments and apparatus for measuring and checking, specially designed for telecommunications (for example, cross-talk meters, gain measuring instruments, distortion factor meters, psophometers)

Attachment A, Section 2

Semiconductor manufacturing and testing equipment and parts :
thereof

	HS Code	Description	Comments
ex	7017 10	Quartz reactor tubes and holders designed for insertion into diffusion and oxidation furnaces for production of semiconductor wafers	For Attachment B
ex	8419 89	Chemical vapor deposition apparatus for semiconductor production	For Attachment B
ex	8419 90	Parts of chemical vapor deposition apparatus for semiconductor production	For Attachment B
ex	8421 19	Spin dryers for semiconductor wafer processing	
ex	8421 91	Parts of spin dryers for semiconductor wafer processing	
ex	8424 89	Deflash machines for cleaning and removing contaminants from the metal leads of semiconductor packages prior to the electroplating process	
ex	8424 89	Spraying appliances for etching, stripping or cleaning semiconductor wafers	
ex	8424 90	Parts of spraying appliances for etching, stripping or cleaning semiconductor wafers	
ex	8456 10	Machines for working any material by removal of material, by laser or other light or photo beam in the production of semiconductor wafers	
ex	8456 91	Apparatus for stripping or cleaning semiconductor wafers	For Attachment B
	8456 91	Machines for dry-etching patterns on semiconductor materials	
ex	8456 99	Focused ion beam milling machines to produce or repair masks and reticles for patterns on semiconductor devices	
ex	8456 99	Lasercutters for cutting contacting tracks in semiconductor production by laser beam	For Attachment B
ex	8464 10	Machines for sawing monocrystal semiconductor boules into slices, or wafers into chips	For Attachment B
ex	8464 20	Grinding, polishing and lapping machines for processing of semiconductor wafers	
ex	8464 90	Dicing machines for scribing or scoring semiconductor wafers	

ex	8466 91	Parts for machines for sawing monocrystal semiconductor boules into slices, or wafers into chips	For Attachment B
ex	8466 91	Parts of dicing machines for scribing or scoring semiconductor wafers	For Attachment B
ex	8466 91	Parts of grinding, polishing and lapping machines for processing of semiconductor wafers	
ex	8466 93	Parts of focused ion beam milling machines to produce or repair masks and reticles for patterns on semiconductor devices	
ex	8466 93	Parts of lasercutters for cutting contacting tracks in semiconductor production by laser beam	For Attachment B
ex	8466 93	Parts of machines for working any material by removal of material, by laser or other light or photo beam in the production of semiconductor wafers	
ex	8456 93	Parts of apparatus for stripping or cleaning semiconductor wafers	For Attachment B
ex	8466 93	Parts of machines for dry-etching patterns on semiconductor materials	
ex	8477 10	Encapsulation equipment for assembly of semiconductors	For Attachment B
ex	8477 90	Parts of encapsulation equipment	For Attachment B
ex	8479 50	Automated machines for transport, handling and storage of semiconductor wafers, wafer cassettes, wafer boxes and other material for semiconductor devices	For Attachment B
ex	8479 89	Apparatus for growing or pulling monocrystal semiconductor boules	
ex	8479 89	Apparatus for physical deposition by sputtering on semiconductor wafers	For Attachment B
ex	8479 89	Apparatus for wet etching, developing, stripping or cleaning semiconductor wafers and flat panel displays	For Attachment B
ex	8479 89	Die attach apparatus, tape automated bonders, and wire bonders for assembly of semiconductors	For Attachment B
ex	8479 89	Encapsulation equipment for assembly of semiconductors	For Attachment B
ex	8479 89	Epitaxial deposition machines for	

		semiconductor wafers	
ex	8479 89	Machines for bending, folding and straightening semiconductor leads	For Attachment B
ex	8479 89	Physical deposition apparatus for for semiconductor production	For Attachment B
ex	8479 89	Spinners for coating photographic emulsions on semiconductor wafers	For Attachment B
ex	8479 90	Part of apparatus for physical deposition by sputtering on semiconductor wafers	For Attachment B
ex	8479 90	Parts for die attach apparatus, tape automated bonders, and wire bonders for assembly of semiconductors	For Attachment B
ex	8479 90	Parts for spinners for coating photographic emulsions on semiconductor wafers	For Attachment B
ex	8479 90	Parts of apparatus for growing or pulling monocrystal semiconductor boules	
ex	8479 90	Parts of apparatus for wet etching, developing, stripping or cleaning semiconductor wafers and flat panel displays	For Attachment B
ex	8479 90	Parts of automated machines for transport, handling and storage of semiconductor wafers, wafer cassettes, wafer boxes and other material for semiconductor devices	For Attachment B
ex	8479 90	Parts of encapsulation equipment for assembly of semiconductors	For Attachment B
ex	8479 90	Parts of epitaxial deposition machines for semiconductor wafers	
ex	8479 90	Parts of machines for bending, folding and straightening semiconductor leads	For Attachment B
ex	8479 90	Parts of physical deposition apparatus for for semiconductor production	For Attachment B
ex	8480 71	Injection and compression moulds for the manufacture of semiconductor devices	
ex	8514 10	Resistance heated furnaces and ovens for the manufacture of semiconductor devices on semiconductor wafers	
ex	8514 20	Inductance or dielectric furnaces and ovens for the manufacture of semiconductor devices on semiconductors wafers	
ex	8514 30	Apparatus for rapid heating of semiconductor wafers	For Attachment

			B
ex	8514 30	Parts of resistance heated furnaces and ovens for the manufacture of semiconductor devices on semiconductor wafers	
ex	8514 90	Parts of apparatus for rapid heating of wafers	For Attachment B
ex	8514 90	Parts of furnaces and ovens of Headings No 8514 10 to No 8514 30	
ex	8536 90	Wafer probers	For Attachment B
	8543 11	Ion implanters for doping semiconductor materials	
ex	8543 30	Apparatus for wet etching, developing, stripping or cleaning semiconductor wafers and flat panel displays	For Attachment B
ex	8543 90	Parts of apparatus for wet etching, developing, stripping or cleaning semiconductor wafers and flat panel displays	For Attachment B
ex	8543 90	Parts of ion implanters for doping semiconductor materials	
	9010 41 to 9010 49	Apparatus for projection, drawing or plating circuit patterns on sensitized semiconductor materials and flat panel displays	
ex	9010 90	Parts and accessories of the apparatus of Headings No 9010 41 to 9010 49	
ex	9011 10	Optical stereoscopic microscopes fitted with equipment specifically designed for the handling and transport of semiconductor wafers or reticles	For Attachment B
ex	9011 20	Photomicrographic microscopes fitted with equipment specifically designed for the handling and transport of semiconductor wafers or reticles	For Attachment B
ex	9011 90	Parts and accessories of optical stereoscopic microscopes fitted with equipment specifically designed for the handling and transport of semiconductor wafers or reticles	For Attachment B
ex	9011 90	Parts and accessories of photomicrographic microscopes fitted with equipment specifically designed for the handling and transport of semiconductor wafers or reticles	For Attachment B
ex	9012 10	Electron beam microscopes fitted with equipment specifically designed for the handling and transport of semiconductor wafers or reticles	For Attachment B
ex	9012 90	Parts and accessories of electron beam microscopes fitted with equipment specifically	For Attachment

		designed for the handling and transport of semiconductor wafers or reticles	B
ex	9017 20	Pattern generating apparatus of a kind used for producing masks or reticles from photoresist coated substrates	For Attachment B
ex	9017 90	Parts and accessories for pattern generating apparatus of a kind used for producing masks or reticles from photoresist coated substrates	For Attachment B
ex	9017 90	Parts of such pattern generating apparatus	For Attachment B
	9030 82	Instruments and apparatus for measuring or checking semiconductor wafers or devices	
ex	9030 90	Parts and accessories of instruments and apparatus for measuring or checking semiconductor wafers or devices	
ex	9030 90	Parts of instruments and appliances for measuring or checking semiconductor wafers or devices	
	9031 41	Optical instruments and appliances for inspecting semiconductor wafers or devices or for inspecting masks, photomasks or reticles used in manufacturing semiconductor devices	
ex	9031 49	Optical instruments and appliances for measuring surface particulate contamination on semiconductor wafers	
ex	9031 90	Parts and accessories of optical instruments and appliances for inspecting semiconductor wafers or devices or for inspecting masks, photomasks or reticles used in manufacturing semiconductor devices	
ex	9031 90	Parts and accessories of optical instruments and appliances for measuring surface particulate contamination on semiconductor wafers	

Attachment B

Positive list of specific products to be covered by this agreement wherever they are classified in the HS.

Where parts are specified, they are to be covered in accordance with HS Notes 2 (b) to Section XVI and Chapter 90, respectively.

Computers: automatic data processing machines capable of 1) storing the processing program or programs and at least the data immediately necessary for the execution of the program; 2) being freely programmed in accordance with the requirements of the user; 3) performing arithmetical computations specified by the user; and 4) executing, without human intervention, a processing program which requires them to modify their execution, by logical decision during the processing run.

The agreement covers such automatic data processing machines whether or not they are able to receive and process with the assistance of central processing unit telephony signals, television signals, or other analogue or digitally processed audio or video signals. Machines performing a specific function other than data processing, or incorporating or working in conjunction with an automatic data processing machine, and not otherwise specified under Attachment A or B, are not covered by this agreement.

Electric amplifiers when used as repeaters in line telephony products falling within this agreement, and parts thereof

Flat panel displays (including LCD, Electro Luminescence, Plasma and other technologies) for products falling within this agreement, and parts thereof.

Network equipment: Local Area Network (LAN) and Wide Area Network (WAN) apparatus, including those products dedicated for use solely or principally to permit the interconnection of automatic data processing machines and units thereof for a network that is used primarily for the sharing of resources such as central processor units, data storage devices and input or output units - including adapters, hubs, in-line repeaters, converters, concentrators, bridges and routers, and printed circuit assemblies for physical incorporation into automatic data processing machines and units thereof.

Monitors : display units of automatic data processing machines with a cathode ray tube with a dot screen pitch smaller than 0,4 mm not capable of receiving and processing television signals or other analogue or digitally processed audio or video signals without assistance of a central processing unit of a computer as defined in this agreement.

The agreement does not, therefore, cover televisions, including high definition televisions.³

Optical disc storage units, for automatic data processing machines (including CD drives and DVD-drives), whether or not having the capability of writing/recording as well as reading, whether or not in their own housings.

Paging alert devices, and parts thereof

Plotters whether input or output units of HS heading No 8471 or drawing or drafting machines of HS heading No 9017.

Printed Circuit Assemblies for products falling within this agreement, including such assemblies for external connections such as cards that conform to the PCMCIA standard.

Such printed circuit assemblies consist of one or more printed circuits of heading 8534 with one or more active elements assembled thereon, with or without passive elements "Active elements" means diodes, transistors, and

³ Participants will conduct a review of this product description in January 1999 under the consultation provisions of paragraph 3 of the Declaration

similar semiconductor devices, whether or not photosensitive, of heading 8541, and integrated circuits and micro assemblies of heading 8542.

Projection type flat panel display units used with automatic data processing machines which can display digital information generated by the central processing unit.

Proprietary format storage devices including media therefor for automatic data processing machines, with or without removable media and whether magnetic, optical or other technology, including Bernoulli Box, Syquest, or Zipdrive cartridge storage units.

Multimedia upgrade kits for automatic data processing machines, and units thereof, put up for retail sale, consisting of, at least, speakers and/or microphones as well as a printed circuit assembly that enables the ADP machines and units thereof to process audio signals (sound cards).

Set top boxes which have a communication function: a microprocessor-based device incorporating a modem for gaining access to the Internet, and having a function of interactive information exchange



Government of India

“Pini Inmai Selvam Vilaivu Inbam Emam

Ani Enba Nattirkku Iv lyndhu”

(Health, wealth, produce, the happiness that is the result, and security

These five, the learned say, are the ornaments of a polity)

Saint Tiruvalluvar

BUDGET 2005-06

February 28, 2005.

Key Features of Budget 2005-2006



THE MACROECONOMIC BACKDROP

- Growth rate in 2004-05 estimated to be 6.9 per cent, with the manufacturing sector expected to grow at 8.9 per cent.
- Inflation has been reined in.
- Investments in 2004-05 buoyant; non-food credit has increased by 21.2 per cent.

ASSAULT ON POVERTY AND UNEMPLOYMENT



- Allocation for National Food for Work programme increased from Rs.4,020 crore in 2004-05 to Rs.11,000 crore in 2005-06. Programme to be converted into the *National Rural Employment Guarantee Scheme*.



- *National Rural Health Mission*: To be launched in the next fiscal with components like training of health volunteers, providing more medicines and strengthening the primary and community health centre system; work on the six AIIMS-like institutions to start next year.
- *Antyodaya Anna Yojana* : Coverage to increase to 2.5 crore families.



- *ICDS*: Scheme to be expanded with creation of 1,88,168 additional anganwadi centres; supplementary nutrition norms to be doubled; Centre to share one-half of the States' costs.
- *Mid-day Meal Scheme*: Increase in allocation from Rs.1,675 crore in BE 2004-05 to Rs.3,010 crore in 2005-06.



- *Sarva Shiksha Abhiyan*: A non-lapsable fund called "Prarambhik Shiksha Kosh" created for funding the programme; allocation to increase to Rs.7,156 crore in 2005-06.




- *Drinking Water and Sanitation:* All drinking water schemes brought under the Rajiv Gandhi National Drinking Water Mission; emphasis to be on providing drinking water facilities in the remaining uncovered rural habitations; and on tackling water quality in about 2.16 lakh habitations; Total Sanitation Campaign to be extended to all districts;

- *Scheduled Castes and Scheduled Tribes:* A new window to be added to scholarship schemes: any student securing admission in one of the short listed institutes of excellence, to be awarded a larger scholarship for tuition fees, living expenses, books and a computer; Rajiv Gandhi National Fellowship to be introduced for SC and ST students for pursuing M.Phil ;and Ph.D. courses in selected universities.



- *Women and Children:* In course of time, Departments to be required to present gender budgets as well as make benefit-incidence analyses.
- *Minorities:* Equity support for the National Minorities Development and Finance Corporation to be increased; a certain percentage of new schools under the Sarva Shiksha Abhiyan and the Kasturba Balika Vidyalaya Scheme and new anganwadi centres to be located in districts, blocks or villages with a substantial minority population; assistance to be provided for recruitment and posting of Urdu language teachers in primary and upper-primary schools; schemes for pre-examination coaching to include reputed private coaching institutes.
- *Backward Regions Grant Fund:* To be established; an allocation of Rs.5,000 crore 2005-06, and an equal amount to be allocated every year in the next four years.
- *Bihar:* Transition arrangements under Rashtriya Sam Vikas Yojana (RSVY) to continue until 2006-07; assistance from the Backward Regions Grant Fund; grants amounting to Rs 7,975 crore made by TFC for the period 2005-10.

- *Jammu & Kashmir*: Special plan assistance to be provided under a Reconstruction Plan in addition to the normal State Plan; Baglihar project to be provided adequate funds; Udhampur -- Baramulla rail line to be implemented as a project of national importance.
- *North Eastern Region*: Kumarghat--Agartala and Luming--Silchar—Jiribam--Imphal projects to be supported with additional funds outside the railway budget; special package for highway development (Rs.450 crore).
-  *Rural Infrastructure Development Fund*: A corpus of Rs.8000 crore in 2005-06.

BHARAT NIRMAN


Goals:

- to bring an additional one crore hectares under assured irrigation;
- to connect all villages that have a population of 1000 (or 500 in hilly/tribal areas) with a road;
- to construct 60 lakh additional houses for the poor;
- to provide drinking water to the remaining 74,000 habitations that are uncovered;
- to reach electricity to the remaining 1,25,000 villages and offer electricity connection to 2.3 crore households; and
- to give telephone connectivity to the remaining 66,822 villages.

INVESTMENT

- Equity support of Rs.14,040 crore and loans of Rs.3,554 crore to Central Public Sector Enterprises (including Railways) in 2005-06.

AGRICULTURE

-  *Roadmap for Agricultural Diversification*: To be prepared with focus on fruits, vegetables, flowers, dairy, poultry, fisheries, pulses and oilseeds.
- *National Horticulture Mission*: Rs.630 crore in 2005-06; to cover research, production, post-harvest management, processing and marketing in an integrated manner.



- *Agricultural Marketing Infrastructure:* A new scheme for Development/Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization to be introduced to induce large investments from the private and cooperative sectors for setting up agricultural markets, marketing infrastructure and support services such as grading, standardization and quality certification; to be implemented through NABARD and NCDC in those States which amend their APMC Acts.



- *Water Resources, Flood Management and Erosion Control:* National Project for the repair, renovation and restoration of water bodies to be launched in March 2005; pilot project for 16 districts in 9 States to cover nearly 700 water bodies; 20,000 hectares of additional land to come under irrigation; outlay of Rs.180 crore in 2005-06 for flood management and erosion control in the Ganga basin and in the Brahmaputra and Barak valleys; Rs.52 crore for the Farakka Barrage Project; outlay for AIBP to increase to Rs.4,800 crore in 2005-06.



- *Micro Irrigation:* Coverage to increase to 3 million hectares in the Tenth Plan and to 14 million hectares in the Eleventh Plan.
- *Rural Credit and Indebtedness:* RBI to examine the issue of allowing banks to adopt the agency model by using the infrastructure of civil society organizations, rural kiosks and village knowledge centres to provide credit support; agricultural credit of Rs.108,500 crore to be disbursed in the current year; increase in the flow of credit by another 30 per cent in 2005-06; public sector banks to increase the number of borrowers by another 50 lakh;
- *Farm Insurance:* National Agricultural Insurance Scheme (NAIS) to continue for kharif and rabi 2005-06.
- *Micro Finance:* Target for credit-linking to be enhanced from 2 lakh Self Help Groups (SHGs) to 2.5 lakh SHGs; Micro Finance Development Fund to be redesignated as the "Micro Finance Development and Equity Fund" with an increased corpus of Rs.200 crore; RBI to open a window to enable qualified NGOs to use the External Commercial Borrowing (ECB) window.

- *Micro Insurance:* NGOs, SHGs, cooperatives and MFIs to be invited to become micro insurance agents.
- *A Knowledge Centre in Every Village:* Government to join Mission 2007 - a national initiative launched by an alliance comprising nearly 80 organizations including civil society organizations, with the goal to set up a Knowledge Centre in every village by the 60th anniversary of Independence Day; support to be routed through NABARD; Rs.100 crore to be provided out of the RIDF.
- *Agricultural Research:* An initial provision of Rs.50 crore for the National Fund for Strategic Agricultural Research.



MANUFACTURING

- “Manufacturing Competitiveness Programme” to be launched to help small and medium enterprises; design to be worked out by the National Manufacturing Competitiveness Council in consultation with the industry.
- *Textiles:* Allocation of Rs.435 crore for the Technology Upgradation Fund (TUF); a 10 per cent capital subsidy scheme to be introduced for the textile processing sector; cluster development approach to be adopted for the production and marketing of handloom products; 20 clusters to be taken up in the first phase at a cost of Rs.40 crore; coverage of life insurance scheme for handloom weavers to be enlarged to 20 lakh weavers in two years at a cost of Rs.30 crore per year when fully rolled out; coverage of the health insurance package for weavers to be increased to 2 lakh weavers at a recurring cost of Rs.30 crore per year.
- *Sugar industry:* NABARD, in consultation with State Governments, RBI, banks and financial institutions to work out a scheme for providing a financial package with a moratorium for two years, on both principal and interest, and a schedule of payment having regard to the commercial viability of each unit; interest rate of 2 percentage points below the bank rate to be made applicable to outstanding loans as on October 21, 2004; Indian Banks’ Association (IBA) and NABARD to work out a scheme under which factories may renegotiate their past high interest loans.





- *Pharmaceuticals and Biotechnology:* Corpus for the research and development fund to be increased in phases; stable policy environment and incentives to be provided to help the two industries become world leaders.



- *Small and Medium enterprises:* 108 items identified for de-reservation; provision for "Promotion of SSI Schemes" enhanced to Rs.173 crore in 2005-06; units in knowledge-based industries such as pharma, biotech, and IT to be provided equity support through the SME Growth Fund.
- *Skills Training:* 100 ITIs identified for upgradation; out of them, 67 ITIs in 15 States/Union Territories linked with industry to be upgraded at a cost of Rs.1.6 crore each; Skills Development Initiative (SDI) to be introduced as Public-Private Partnership.
- *Foreign Trade:* Target of US\$ 150 billion for exports by the year 2008-09 fixed in order to double India's share in world exports to 1.5 per cent.

INFRASTRUCTURE



- *Telecommunications:* A provision of Rs.1,200 crore for Universal Service Obligation (USO) Fund in 2005-06; 1,687 subdivisions to get support for rural household telephones; BSNL to provide public telephones in the next three years to the remaining 66,822 revenue villages.



- *National Highway Development Project:* NHDP III to be launched in 2005-06 to target selected high density highways not forming part of the Golden Quadrilateral or the North-South and East-West corridors; Rs.1,400 crore provided in 2005-06 to four-lane 4000 kms; a special package for the North Eastern region with allocation of Rs.450 crore.



- *Rural Electrification:* To cover 1.25 lakh villages in five years; focus to be on deficient States; creation of a rural electricity distribution backbone envisaged, with a 33/11 KV substation in each block and at least one distribution transformer in each village; Rs.1,100 crore provided in 2005-06.



- *Indira Awas Yojana*: Allocation increased to Rs.2,750 crore in 2005-06; about 15 lakh houses to be constructed during the next year.



- *Special Purpose Vehicle*: A financial Special Purpose Vehicle (SPV) to be established to finance infrastructure projects that are financially viable; SPV to lend funds, especially debt of longer term maturity directly to eligible, appraised projects to supplement other loans; limit for 2005-06 to be fixed at Rs.10,000 crore.

- *Provision of Urban Amenities in Rural Areas (PURA) clusters*: The National Commission on Enterprises in the Unorganized/Informal Sector has proposed pilot projects for 'growth poles' applying the PURA principles; creation of a few growth poles, as pilot projects to be taken up in 2005-06.



- *National Urban Renewal Mission*: To cover the seven-mega cities, with a population of over a million and some other towns; outlay of Rs.5,500 crore in 2005-06 including a grant component of Rs.1,650 crore.

FINANCIAL SECTOR

Banking:



- Amendments to be introduced to the Banking Regulation Act, 1949 –
 - ◆ to remove the lower and upper bounds to the statutory liquidity ratio (SLR) and provide flexibility to RBI to prescribe prudential norms;
 - ◆ to allow banking companies to issue preference shares; to introduce specific provisions to enable the consolidated supervision of banks and their subsidiaries by RBI;
- Amendments to be introduced to the Reserve Bank of India Act, 1934 -
 - ◆ to remove the limits of the cash reserve ratio (CRR) to facilitate more flexible conduct of monetary policy; and
 - ◆ to enable RBI to lend or borrow securities by way of repo, reverse repo or otherwise.



Capital Market:

- FIIs to be permitted to submit appropriate collateral, in cash or otherwise, as prescribed by SEBI, when trading in derivatives on the domestic market.
- Definition of 'securities' under the Securities Contracts (Regulation) Act, 1956 to be amended so as to provide a legal framework for trading of securitized debt including mortgage backed debt;
- A high level Expert Committee on corporate bonds and securitization to be appointed to look into the legal, regulatory, tax and market design issues in the development of the corporate bond market.
- A one-time exemption from stamp duty on the notional transfer of assets, to be granted to the three stock exchanges that are not yet corporatized.
- A high powered Expert Committee to be appointed in consultation with RBI, to advise on how to make Mumbai a regional financial centre.
- SEBI to be asked to permit, in consultation with RBI, mutual funds to introduce Gold Exchange Traded Funds (GETFs) with gold as the underlying asset, in order to enable any household to buy and sell gold in units for as little as Rs.100.

OTHER PROPOSALS

- *Higher Education:* Indian Institute of Science (IISc), Bangalore to be made a world class university; additional grant of Rs.100 crore to be provided.
- *VAT:* All States have agreed to introduce the value added tax (VAT) with effect from April 1, 2005; Central Government to compensate the States, according to an agreed formula, in the event of any revenue loss.
- *Twelfth Finance Commission:* Generous, but deserving package covering higher devolution of taxes, debt relief and grants.



- *Defence Expenditure:* Allocation in 2005-06 increased to Rs.83,000 crore, including Rs.34,375 crore for capital expenditure.

FISCAL CONSOLIDATION



- A mechanism to be put in place to measure the development outcomes of all major programmes; schemes not to be allowed to continue from one Plan period to the next without an independent and in-depth evaluation.
- Ministry of Agriculture intends to make procurement of food grains more cost effective through decentralized procurement, especially in the non-traditional States, without impairing the present MSP-based procurement.
- Working Group constituted by the Department of Fertilizers examining issues for implementing the next stage of the New Pricing Scheme for fertilizers commencing from April 1, 2006.

INDIRECT TAXES

Customs:



- Policy of making the customs duty structure closer to that of East Asian neighbours to be pursued; peak rate for non-agricultural products to be reduced from 20 per cent to 15 per cent.
- To promote investment, customs duties on selected capital goods and parts thereof to be reduced to below 15 per cent, to 10 per cent in some cases and to 5 per cent in some others.
- Duty on textile machinery and refrigerated vans to be reduced from 20 per cent to 10 per cent.
- Duties on seven specified machinery used in leather and footwear industry, to be reduced from 20 per cent to 5 per cent; duty on ethyl vinyl acetate (EVA) to be reduced from 20 per cent to 10 per cent.
- Duty on nine specified machinery used in pharma and biotech sectors to be reduced to 5 per cent.

- Duties on specified parts of battery-operated road vehicles and for printing presses to be reduced from 20 per cent to 10 per cent.
- Duties on primary and secondary metals to be reduced from 15 per cent to 10 per cent; industrial raw materials such as catalysts, refractory raw materials, basic plastic materials, molasses and industrial ethyl alcohol to be now liable to a reduced customs duty rate of 10 per cent; duty on lead to be reduced to 5 per cent.
- Duty on coking coal with high ash content to go down to 5 per cent.
- Duty on polyester and nylon chips, textile fibres, yarns and intermediates, fabrics, and garments to be reduced from 20 per cent to 15 per cent.
- Duty to be removed on specified capital goods and all inputs required for the manufacture of Information Technology Agreement (ITA) bound items.
- A CVD of 4 per cent only to be levied on the imports of ITA bound items and their inputs that attract nil duty; credit for the CVD to be available against payment of excise duty; IT software to be exempt from the proposed CVD.
- Duty on atmospheric drinking water generators to be reduced from 20 per cent to 5 per cent.



Excise:

- Duty on polyester filament yarn, tyres and air conditioners to be reduced to 16 per cent.
- Independent texturizers to be given the option to avail the exemption route or pay 8 per cent excise duty with CENVAT credit.
- Duty of 2 per cent to be levied on branded jewellery; duty on mosaic tiles to be levied at 8 per cent and on road tractors for semi trailers of engine capacity exceeding 1800 cc at 16 per cent; agricultural tractors will continue to remain exempt.

- Surcharge of Re1 per kg on tea and duty of Re1 per kg on refined edible oils and Rs.1.25 per kg on vanaspati to be abolished.
- Ceiling for SSI exemption based on turnover to be raised from Rs.3 crore per year to Rs.4 crore per year. SSI units to have only two options: either full exemption on the first clearance of Rs.1 crore or normal duty on the first clearance of Rs.1 crore with CENVAT credit.
- Duty on iron and steel to be reduced to 16 per cent.
- Duty on molasses to be increased from Rs.500 per MT to Rs.1000 per MT; duty on cement clinkers to be increased from Rs.250 per MT to Rs.350 per MT as an anti-avoidance measure.
- In order to raise additional resources for the National Highways Development Project, cess on petrol and diesel to be increased by 50 paise per litre.
- Specific rate on cigarettes to be raised by about 10 per cent and a surcharge of 10 per cent to be imposed on ad valorem duties on other tobacco products including gutka, chewing tobacco, snuff and pan masala; biris not to be subject to this levy.



Taxes on petroleum products

- Customs duty on crude petroleum to be reduced from 10 per cent to 5 per cent.
- Customs duty and excise duty to be nil on LPG for domestic consumption and on subsidized kerosene,
- Customs duty on other petroleum products, including motor spirit (MS) and diesel (HSD) to be reduced from 20 or 15 per cent to 10 per cent; excise duties on petrol and diesel to be fixed as a combination of ad valorem and specific duties.

Service Tax



- Service providers whose gross turnover does not exceed Rs.4 lakh per year to be exempt.
- Some additional services to be covered.

Direct Taxes



The new tax brackets and the new rates to be:

Up to Rs.1 lakh	..	nil
Rs.1 lakh to Rs.1.5 lakh	..	10 per cent
Rs.1.5 lakh to Rs.2.5 lakh	..	20 per cent
Above Rs.2.5 lakh	..	30 per cent

- Level at which the surcharge of 10 per cent will apply to be raised to Rs.10 lakh taxable income.
- The threshold exemption level for women to be fixed at Rs.1.25 lakh and the exemption level for senior citizens at Rs.1.5 lakh.
- Every tax payer to be allowed a consolidated limit of Rs.1 lakh for savings which will be deducted from the income before tax is calculated; all prevailing sectoral caps to be removed; rebate under Section 88 being eliminated and Section 80L being omitted to reflect the new regime.
- The exemption from tax on interest earned on accounts maintained by Non Resident Indians to continue.
- The benefits that are usually enjoyed collectively by the employees and cannot be attributed to individual employees shall be taxed in the hands of the employer; transport services for workers and staff and canteen services in office or factory to be outside the tax net; the tax to be called Fringe Benefits Tax; rate to be 30 per cent on an appropriately defined base.
- For domestic companies, the corporate income tax rate to be 30 per cent; plus a surcharge of 10 percent; rate of depreciation to be 15 per cent for general machinery and plant, but the initial depreciation rate to be increased to 20 per cent; requirement of 10 per cent increase in installed capacity for availing of the benefit of initial depreciation to be removed.
- Withholding tax on technical services to be reduced from 20 per cent to 10 per cent.

- Credit to be allowed for the Minimum Alternate Tax (MAT) paid under Section 115 JB of the Income Tax Act.
- Terminal date on exemptions given for specific purposes, to be extended, from March 31, 2005 to March 31, 2007 in the following cases:
 - ◆ Weighted deduction of 150 per cent of expenditure on in-house research and development facilities of companies engaged in the business of biotechnology, pharmaceuticals, electronics, telecommunication, chemicals or any other notified product.
 - ◆ Deduction of profits of new industrial undertakings in Jammu & Kashmir.
 - ◆ 100 per cent deduction of profits of companies carrying on scientific research and development and approved by the Department of Scientific and Industrial Research.
- Tax exemption on agreements to acquire aircraft or aircraft engines on lease to be extended up to September 30, 2005.
- Nominal increase in the rates of STT for all categories of transactions.
- Income Tax Act to be amended to provide that trading in derivatives in specified stock exchanges will not be treated as “speculative transactions” for the purposes of the Income Tax Act.
- Mobile telephone to be removed from the one-in-six criteria for filing income tax returns. Instead, payment for electricity of more than Rs.50,000 per year to be included.
- Two anti tax-evasion measures to be introduced: (i) a tax to be levied on withdrawal of cash on a single day of over Rs.10,000 or more from banks at the rate of 0.1 per cent. (ii) banks to be required to report all deposits which are exempt from TDS on interest.
- As a measure of facilitation, large taxpayer units (LTUs) to be established, to begin with, in major cities; Help Centres for small taxpayers to be setup in cooperation with industry associations, professional bodies and NGOs.



Union Budget > Budget Speech

Union Budget 2005-2006

Budget Speech

Budget 2005-2006

Speech of

P. Chidambaram
Minister of Finance

February 28, 2005

PART - A

Mr. Speaker, Sir,

I rise to present the Budget for the year 2005-06.

2. Last year, while presenting the Budget, I had suggested that the vote in Elections 2004 was a vote for change. It was, I believe, a vote in favour of a new leadership; a new Government; new policies; and a new focus on the common citizen who is at the centre of all politics and governance.

3. I reaffirm my belief, and I also declare my conviction that the UPA Government under Prime Minister Dr. Manmohan Singh has charted a new path that is more acceptable to the people of the country and that will bring the greatest good to the greatest number.

4. Before I turn to the business of the day, I wish to record Government's deep sorrow on the loss of lives, property and livelihood caused by the tsunami tragedy. So far, Government has approved relief packages amounting to Rs.3,644 crore. The Planning Commission, which is coordinating the Tsunami Reconstruction and Rehabilitation Programme, has drawn up a programme at an estimated cost of Rs.10,216 crore. I wish to assure the House, and the affected people, that the Government will provide the necessary funds for the purpose and ensure that every affected family is fully rehabilitated.

I. THE MACROECONOMIC BACKDROP

The Immediate Past: Where We Were in 2003-04

5. In May 2004, the UPA Government inherited an economy that had, as we now know, registered a growth rate of 8.5 per cent in 2003-04 on the back of a poor 4 per cent in the previous year. While growth was indeed broad-based, the impressive growth rate was due largely to the restoration of output in the agriculture and allied sector. I had then commented that my immediate predecessor was a very lucky man, even while his predecessor was not!

Notwithstanding the high growth rate, there were several disturbing trends which came to notice in May 2004. The *first* was the liquidity overhang at the end of 2003-04 which had spilled over into 2004-05. The *second* was the definite buildup of inflationary pressures as a result of a sharp rise in global petroleum prices. The *third* was an unanticipated 13 per cent deficiency in the south-west monsoon. The *fourth* was an apparent decline in business confidence that had led to a sharp downturn in new investment, and also showed up as current account surpluses. By any standard, these were formidable challenges, but the UPA Government was prepared to face these challenges.

The Present: Where We Are in 2004-05

6. The National Common Minimum Programme (NCMP) mandated the Government to maintain a growth rate of 7 - 8 per cent a year, to promote investment, to generate employment, to accelerate fiscal consolidation, to ensure a higher fiscal devolution, and to focus on agriculture, manufacturing and infrastructure. The NCMP also mandated the Government to provide universal access to education and health care and to assure one hundred days of employment to one person in each family. I believe that, in the space of 9 months, we have risen to the challenge and carved out many successes.

- According to the Central Statistical Organization, the growth rate in the current year is estimated to be 6.9 per cent, with the manufacturing sector expected to grow at 8.9 per cent.

- Inflation which touched a high of 8.7 per cent on August 28, 2004 has been reined in. As on February 12, 2005, the rate of inflation was 5.01 per cent which is more than one percentage point lower than what it was in the same week in the previous year. Inflation based on CPI for industrial workers was lower, and stood at 3.8 per cent in December, 2004.

- Business confidence has been restored and investments in 2004-05 have been buoyant. Non-food credit has increased by 21.2 per cent.

As the year draws to a close, we can predict confidently that all the engines of the economy are running at nearly full speed.

7. We have also fulfilled many of our promises to the common citizen. Last year, I had promised that agricultural credit will be increased by 30 per cent, and I am happy to inform the House that, against the announced target of Rs.105,000 crore, we are likely to achieve a disbursement of Rs.108,500 crore. Public sector banks and regional rural banks have added so far 58.20 lakh new farmers to their portfolio of borrowers. I had promised that education loans would be given liberally to students. As against 1,08,000 loans amounting to Rs.1,983 crore given in 2003-04, 1,40,000 loans amounting to Rs.2,249 crore have been given up to December 31, 2004. I had promised that the number of families covered under the Antyodaya Anna Yojana will be increased from 1.5 crore families to 2 crore families, and that promise has been kept. I had promised that a redesigned Food for Work Programme will be launched in 150 districts. That was done on November 14, 2004. I had promised that a National Rural Employment Guarantee Bill will be introduced. That has been done. I had promised that we would promote the concept of Self-Help Groups vigorously. In the current year, against the target of 1.85 lakh SHGs, we have already credit-linked 2.26 lakh SHGs, and we have disbursed credit to the tune of Rs.1,197 crore. Hon'ble Members will note that in each of these areas the focus of the Government's attention has been the common citizen - be it farmer, student, self-employed woman or labourer in search of work and food.

The Year Ahead: Where We Want To Be in 2005-06

8. Growth, stability and equity are mutually reinforcing objectives. The NCMP leans towards decisive intervention by the State in favour of the poor. Given the resilience of the Indian economy, it is possible to mobilize the resources and launch a direct assault on poverty and unemployment. That is the only way to bring immediate relief to the *aam admi*.

The Big Picture

9. Let me first give the big picture. In 2004-05, Gross Budgetary Support (GBS) for the Plan was Rs.145,590 crore to which we added Rs.2,000 crore subsequently. As I shall explain later, the pattern of funding has changed consequent to the recommendations of the Twelfth Finance Commission (TFC). On a like-to-like basis, GBS for the Plan in 2005-06, works out to Rs.172,500 crore. This represents an increase of 16.9 per cent. Support for the Central Plan in BE 2004-05 was Rs.87,886 crore and in BE 2005-06 this has been enhanced to Rs.110,385 crore, representing a very substantial increase of 25.6 per cent. On priority sectors and flagship programmes falling under the NCMP, I propose to provide an additional sum of Rs.25,000 crore in the next year.

10. For example, the allocation for education in 2005-06 will be Rs.18,337 crore. Next only to education, the plan allocation for rural development will be Rs.18,334 crore. On subsidy for fertilizers, the estimate is Rs.16,254 crore. The estimated expenditure on health and family welfare is Rs.10,280 crore.

II. ASSAULT ON POVERTY AND UNEMPLOYMENT

Empowering the People

11. India is not a poor country, yet a significant proportion of our people are poor. Poverty is not only income poverty. Other indicators of poverty are illiteracy, disease, infant mortality, malnutrition, absence of skills and unemployment. The whole purpose of democratic government is to eliminate poverty and give to every citizen the opportunity to be educated, to learn a skill and to be gainfully employed. The Government holds that it is its sacred duty to empower the poor and eliminate the scourge of poverty.

Employment

12. In the last Budget, I had rejected the idea of jobless growth. As I unfold the vision of the UPA Government, Hon'ble Members will note that the central theme that runs through the various schemes and programmes is creation of jobs. Assured irrigation facilities to an additional 1 crore hectares of land over a period of five years will generate employment for an additional 1 crore people at the rate 1 person per hectare. The food processing industry is growing at a rate which generates 2.5 lakh jobs every year. The textile sector alone has the potential to create 1.2 crore jobs over the next 5 years. The information technology (IT) industry is expected to offer an additional 70 lakh jobs by 2009. Construction industry is also expected to throw up lakhs of jobs. Sectors with potential for generating employment will receive the highest attention of the Government.

National Rural Employment Guarantee Scheme

13. After the National Food for Work programme was launched in November 2004, provision was made for the cash component and the foodgrain component. In overall terms, the expenditure in the current year is estimated at Rs.4,020 crore. For 2005-06, a provision of Rs.5,400 crore for the cash component and 50 lakh MT of foodgrains have been made and, in overall terms, the allocation will increase to Rs.11,000 crore. It is Government's intention to convert this programme into the National Rural Employment Guarantee Scheme. When fully rolled out, the scheme will provide livelihood security for crores of poor families, and I promise to find the money for the programme.

National Rural Health Mission

14. The National Rural Health Mission (NRHM) will be launched in the next fiscal. Its focus will be strengthening primary health care through grass root level public health interventions based on community ownership. The total allocation for the Department of Health and the Department of Family Welfare will increase from Rs.8,420 crore in the current year to Rs.10,280 crore in the next year. The increase will finance the NRHM and its components like training of health volunteers, providing more medicines and strengthening the primary and community health centre system.

15. I am also happy to announce that work on the six AIIMS-like institutions will start next year to augment medical education in deficient States.

Antyodaya Anna Yojana

16. The Antyodaya Anna Yojana now covers 2 crore Below Poverty Line (BPL) families. The number will be increased to 2.5 crore families in 2005-06.

ICDS

17. The universalization of the Integrated Child Development Services (ICDS) scheme is overdue. It is my intention to ensure that, in every settlement, there is a functional anganwadi that provides full coverage for all children. As on date there are 6,49,000 anganwadi centres. I propose to expand the ICDS scheme and create 1,88,168 additional centres that are required as per the existing population norms. Forty seven per cent of children in the age group 0-3 are reportedly underweight. Supplementary nutrition is an integral part of the ICDS scheme. I propose to double the supplementary nutrition norms and share one-half of the States' costs for this purpose. I also propose to increase the allocation for ICDS from Rs.1,623 crore in BE 2004-05 to Rs.3,142 crore in BE 2005-06.

Mid-day Meal Scheme

18. The Mid-day Meal Scheme for children has made a promising start throughout the country. 11 crore children are covered today. The Central Government is now providing the cost of food grains as well as the conversion cost at the rate of Re.1 per child. The allocation in BE 2004-05 was Rs.1,675 crore. I propose to increase the allocation for the next year to Rs.3,010 crore.

Sarva Shiksha Abhiyan

19. The Sarva Shiksha Abhiyan programme is the cornerstone of the Government's intervention in basic education for all children. Sarva Shiksha Abhiyan was allocated Rs.3,057

crore in the Budget Estimates for 2004-05. During the course of the year, I enhanced the allocation to Rs.4,754 crore. A non-lapsable fund called "Prarambhik Shiksha Kosh" has been created for funding this programme. I propose to increase the allocation to Rs.7,156 crore in 2005-06.

Drinking Water and Sanitation

20. All drinking water schemes have now been brought under the Rajiv Gandhi National Drinking Water Mission. In the current year, so far, 31,355 uncovered rural habitations have been provided drinking water facilities. During 2005-06 the emphasis will be on covering more habitations. Emphasis will also be laid on tackling water quality in about 2.16 lakh habitations in Andhra Pradesh, Gujarat, Karnataka, Rajasthan, West Bengal and some other States. I propose to increase the outlay for the Mission from Rs.3,300 crore in the current year to Rs.4,750 crore in the next year.

21. Sanitation, however, remains critically deficient. Only about 30 per cent of the rural households have access to safe sanitation facilities. The Total Sanitation Campaign (TSC) now operates in 452 districts. Government intends to extend the TSC to all districts, and I propose to allocate Rs.630 crore for the next year.

Scheduled Castes and Scheduled Tribes

22. I wish to restate my commitment to inclusive economic growth. It is important to bring scheduled castes and scheduled tribes into the development process. For the first time, you will find in the Budget papers a separate statement on schemes for the development of SCs and STs. The allocation for the programmes is Rs.6,253 crore.

23. The key to empowering the scheduled castes and scheduled tribes is to provide top class education opportunities to meritorious students. The three on-going scholarship schemes for SC/ST students under the Central Plan – pre-Matric, post-Matric, and merit-based – will continue. To provide an added incentive, I propose a new window: a short list of institutes of excellence will be notified, and any SC/ST student who secures admission in one of those institutes will be awarded a larger scholarship that will meet the requirements for tuition fees, living expenses, books and a computer. The details of the scheme will be announced by the ministry concerned.

24. Government will also introduce the Rajiv Gandhi National Fellowship for SC and ST students for pursuing M. Phil and Ph.D. courses in selected universities. I propose to provide funds for 2000 Fellowships per year to be awarded from 2005-06 on the pattern of UGC Fellowships.

Women and Children

25. Last July, I promised to consider gender budgeting. Hon'ble Members will be happy to note that I have included in the Budget documents a separate statement highlighting the gender sensitivities of the budgetary allocations under 10 demands for grants. The total amount in BE 2005-06, according to the statement, is Rs.14,379 crore. Although this is another first in budget-making in India, it is only a beginning and, in course of time, all Departments will be required to present gender budgets as well as make benefit-incidence analyses.

Minorities

26. Minorities would have to be brought more into the development process. I propose to increase the equity support, as may be required, for the National Minorities Development and Finance Corporation.

27. A certain percentage of new schools that will be opened under the Sarva Shiksha Abhiyan as well as the Kasturba Balika Vidyalaya Scheme will be located in districts or blocks having a substantial minority population. Likewise, a certain proportion of new anganwadi centres will be located in blocks or villages which have a substantial concentration of minorities.

28. Urdu is the mother tongue of a large number of people in Uttar Pradesh and Bihar, but there is very little provision for teaching Urdu. I propose to provide central assistance for recruitment and posting of Urdu language teachers in primary and upper-primary schools that serve a population in which at least one fourth belong to that language group.

29. The Ministry of Social Justice and Empowerment and the Ministry of Human Resource Development implement a number of schemes for pre-examination coaching of candidates belonging to the minority communities. These schemes are confined to Government institutions, and the results have not been encouraging. Hence, I propose to expand these schemes to include reputed private coaching institutes which have a track record of showing good results in competitive examinations. I propose to provide funds to pay the fees on behalf of meritorious candidates from minority communities who enroll in these selected private institutes.

Backward Regions Grant Fund

30. Since the announcement in the last Budget of a Grant Fund for backward districts, a lot of thought has gone into the proposal. An Inter-Ministerial Group (IMG) has identified 170 backward districts based on certain socio-economic variables. The IMG has also proposed that resources under the new facility will be conditional on Panchayati Raj institutions being properly empowered, including devolution of functionaries and funds. I propose to accept the recommendations of the IMG, and I am happy to announce the establishment of a Backward Regions Grant Fund. An allocation of Rs.5,000 crore has been made in the Plan for 2005-06, and an equal amount will be allocated every year in the next four years. Consequent upon the establishment of the Fund, the existing Rashtriya Sam Vikas Yojana (RSVY), envisaged to end in 2006-07, will be wound up with suitable transition arrangements that will protect every district now covered under RSVY.

Bihar

31. The NCMP refers to special economic packages for Bihar, Jammu & Kashmir and the North Eastern Region. Till now, Bihar received special assistance through the RSVY. The transition arrangements under RSVY will continue until 2006-07. Meanwhile, the backward districts of Bihar will begin to receive assistance from the Backward Regions Grant Fund. I may also point out that, recognizing the needs of Bihar, the TFC has made substantial grants amounting to Rs.7,975 crore for the period 2005-10. Bihar has also been identified as one of the few States requiring special grants for the health and education sectors.

Jammu & Kashmir

32. The Government will provide special plan assistance to Jammu and Kashmir under a recently-approved Reconstruction Plan, in addition to the normal State Plan. As against the current year's State Plan of Rs.3,008 crore, the size of the State Plan for 2005-06 has been fixed at Rs.4,200 crore. The Baglihar project was allocated Rs.300 crore this year and will be provided adequate funds next year too. The Udhampur-Baramulla rail line will be implemented as a project of national importance.

North Eastern Region

33. All Ministries and Departments are required to allocate at least 10 per cent of their plan budget for schemes and programmes in the North Eastern Region (NER). For 2005-06, this would amount to Rs.9,308 crore. The Kumarghat-Agartala and Lumding-Silchar-Jiribam-Imphal projects will be supported with additional funds outside the railway budget as projects of national importance. A special package for highway development in the NER has also been approved, and I have allocated Rs.450 crore in this behalf.

Rural Infrastructure

34. Government will focus on providing basic infrastructure to the poor, especially those in rural India and in urban slums. The Rural Infrastructure Development Fund which was revived last July will, as in the current year, be provided a corpus of Rs.8,000 crore in 2005-06 also.

III. BHARAT NIRMAN

35. In his address to Parliament, the President outlined an overarching vision to build India, and called it 'Bharat Nirman'. Bharat Nirman has been conceived as a business plan, to be implemented over a period of four years, for building infrastructure, especially in rural India. It will have six components, namely, irrigation, roads, water supply, housing, rural electrification and rural telecom connectivity. In each of these areas, we must dare to be bold and set for ourselves high targets to be achieved by the year 2009.

The UPA Government's goals are:

- to bring an additional one crore hectares under assured irrigation;
- to connect all villages that have a population of 1000 (or 500 in hilly/tribal areas) with a road;
- to construct 60 lakh additional houses for the poor;
- to provide drinking water to the remaining 74,000 habitations that are uncovered;
- to reach electricity to the remaining 1,25,000 villages and offer electricity connection to 2.3 crore households; and
- to give telephone connectivity to the remaining 66,822 villages.

'Bharat Nirman' will require huge resources. Government believes that Bharat Nirman is an achievable project, and it is our intention to give rural India a new deal fully involving the Panchayati Raj Institutions in the planning and implementation.

IV. INVESTMENT

36. I now turn to investment which is the paramount requirement to consolidate the growth process. In agriculture, we shall enhance public and private investment in the infrastructure required to support expansion, diversification and value addition. In the industrial sector, both the public sector and the private sector will be allowed the space to grow and compete with each other. Government will play the leading role in providing and facilitating investment in public goods such as roads, railways, power, seaports and airports. In the services sector, Government will recognize the leading role played by the private sector, and provide a supportive policy environment and stable tax policies.

37. I am happy to announce that in 2005-06, the Government will provide equity support of Rs.14,040 crore and loans of Rs.3,554 crore to Central Public Sector Enterprises (including Railways).

38. Success, however, will ultimately depend upon our ability to finance the growth. Government will, therefore, through a mix of right policies and prudent taxes, promote savings and devise ways and means to channel these savings into productive investment. The capital market, banks, insurance companies, pension funds and superannuation funds would have a crucial role in mobilizing and disbursing the financial resources required to sustain high investment.

V. AGRICULTURE

39. With about two thirds of the population dependent on agriculture, and the sector producing only 21 per cent of GDP in 2003-04, it is imperative that we address the problems of our farmers with a sense of urgency. Agriculture being a State subject, the bulk of public investment in agriculture takes place at the State level, and the Central Government's support to States acts as a catalyst.

Roadmap for Agricultural Diversification

40. Indian agriculture has indeed diversified from food grains to other crops, but more needs to be done. The Ministry of Agriculture will prepare a roadmap for agricultural diversification. The road map will focus on fruits, vegetables, flowers, dairy, poultry, fisheries, pulses and oilseeds.

National Horticulture Mission

41. The National Horticulture Mission, announced in the last Budget, will be launched on April 1, 2005. I propose to allocate Rs.630 crore in 2005-06 for the Mission. The Mission will ensure an end-to-end approach having backward and forward linkages covering research, production, post-harvest management, processing and marketing, under one umbrella, in an integrated manner. As the Mission gathers pace, more funds will be provided.

Plantation Sector

42. I am aware of the difficulties that the plantation sector has faced for some years now. While the prices of commodities such as tea and coffee have shown some improvement, the sector still faces difficulties. The Price Stabilization Fund has not proved very effective or popular. Therefore, Government has set up an expert committee to suggest improvements to the Fund and its operation. In the case of tea, our comparative advantage has been eroded largely because of the declining productivity of tea. Government will examine ways and means of introducing a programme for massive replantation and rejuvenation.

Agricultural Marketing Infrastructure

43. Government proposes to introduce a new scheme called Development/Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization. The goal of this scheme is to induce large investments from the private and cooperative sectors for setting up agricultural markets, marketing infrastructure and support services such as grading, standardization and quality certification. Assistance will be available in the form of credit-linked, back-ended subsidy. It is proposed to implement the scheme through the National Bank for Agriculture and Rural Development (NABARD) and the National Cooperative Development Corporation (NCDC) in those States which amend their Agricultural Produce Marketing Committee (APMC) Acts. I propose to allocate Rs.72 crore for the new scheme.

Water Resources, Flood Management and Erosion Control

44. The National Project, announced by me last July, for the repair, renovation and restoration of water bodies will be launched in the month of March 2005. The pilot project is planned for 16 districts in 9 States and will cover nearly 700 water bodies, and 20,000 hectares of additional land will come under irrigation. The allocation for the pilot project has been increased to Rs.100 crore in 2005-06.

45. Uttar Pradesh, especially its eastern part, Bihar, West Bengal, Orissa, Assam and the North Eastern States are regularly affected by floods in the Ganga basin and in the Brahmaputra and Barak valleys. A Task Force constituted to recommend measures for flood management and erosion control has submitted its report. The Plan outlay in 2005-06 to implement the report will be Rs.180 crore. Besides, a sum of Rs.52 crore has been allocated for the Farakka Barrage Project.

46. The Accelerated Irrigation Benefit Programme (AIBP) has been reviewed and the focus turned to early completion of truly last mile projects. In BE 2004-05, I had provided a sum of Rs.2,800 crore. Having regard to the improvement in the pace of implementation, the outlay has been increased to Rs.4,800 crore for the next year.

Micro Irrigation

47. Water-use efficiency in Indian agriculture is one of the lowest in the world. Government will promote micro-irrigation technology, comprising drip and sprinkler irrigation, on a large scale. About 1.2 million hectares have been covered under micro-irrigation so far, and the plan is to increase the coverage to 3 million hectares by the end of the Tenth Plan and to 14 million hectares by the end of the Eleventh Plan. Accordingly, I have provided Rs.400 crore for promoting micro-irrigation in 2005-06.

Rural Credit and Indebtedness

48. Government intends to continue with its effort to turn the focus of commercial banks, regional rural banks (RRBs) and cooperative banks towards providing credit, especially production credit, to rural households and farm households. Particularly in agricultural credit, innovations are possible. I propose to request the Reserve Bank of India (RBI) to examine the issue of allowing banks to adopt the agency model, by using the infrastructure of civil society organizations, rural kiosks and village knowledge centres, to provide credit support to rural and farm sectors.

49. In June 2004, I had announced my intention to double the flow of agricultural credit in three years. I had also announced an indicative target of Rs.105,000 crore. Notwithstanding a below par performance by co-operative banks, together, all three arms will disburse Rs.108,500 crore in the current year. Continuing on the same path, I propose to ask commercial banks, RRBs and cooperative banks to increase the flow of credit by another 30 per cent in 2005-06. Further, the public sector banks would be asked to increase the number of borrowers by another 50 lakh.

50. Cooperative banks in India, with few exceptions, are in a shambles. Six State Central Cooperative Banks and 140 District Central Cooperative Banks do not comply with Section 11 of the Banking Regulation Act, 1949. They also have difficulty in accessing refinance for agricultural credit. Alarmed by the gravity of the situation, I had appointed a Task Force to examine the reforms required in the cooperative banking system. The Task Force has submitted its report. The recommendations include:

- Special financial assistance to wipe out accumulated losses and strengthen the capital base of co-operative credit institutions;
- Institutional restructuring to ensure democratic institutions; and
- Changes in the legal framework to empower RBI to enforce prudent financial management.

I propose to accept the report in principle. I also propose to call State Governments for consultation and begin the process of implementing the recommendations in the States that show willingness to accept the recommendations.

Farm Insurance

51. The National Agricultural Insurance Scheme (NAIS) has been in operation since rabi 1999-2000. I have received the recommendations made by the joint group constituted by the Ministry of Agriculture to suggest an improved farmer-friendly crop insurance scheme. Further consultation with all the stakeholders would be required. I, therefore, propose to continue the NAIS in its present form for kharif and rabi 2005-06.

Micro Finance

52. The programme of linking Self Help Groups (SHGs) with the banking system has emerged as the major micro-finance programme in the country. 560 banks including 48 commercial banks, 196 RRBs and 316 cooperative banks are now actively involved in the programme. I propose to enhance the target for credit-linking in the next fiscal from 2 lakh SHGs to 2.5 lakh SHGs.

53. At present, micro finance institutions (MFIs) obtain finance from banks according to guidelines issued by RBI. MFIs seek to provide small scale credit and other financial services to low income households and small informal businesses. Government intends to promote MFIs in a

big way. The way forward, I believe, is to identify MFIs, classify and rate such institutions, and empower them to intermediate between the lending banks and the beneficiaries. Commercial banks may appoint MFIs as "banking correspondents" to provide transaction services on their behalf. Since MFIs require infusion of new capital, I propose to re-designate the existing Rs.100 crore Micro Finance Development Fund as the "Micro Finance Development and Equity Fund", and increase the corpus to Rs.200 crore. The fund will be managed by a Board consisting of representatives of NABARD, commercial banks and professionals with domain knowledge. The Board will be asked to suggest suitable legislation, and I expect to introduce a draft Bill in the next fiscal year.

54. I propose to request RBI to open a window to enable qualified NGOs engaged in micro-finance activities to use the External Commercial Borrowing (ECB) window. Detailed guidelines containing necessary safeguards will be issued by RBI.

Micro Insurance

55. The benefits of opening the insurance sector are now visible by way of vast improvement in insurance penetration and insurance density, and the availability of a wide variety of products. Government would like to see these benefits percolate to rural India and to the vulnerable sections of the population. Micro insurance is a distinct product. Its design and delivery are specialized functions. The Insurance Regulatory Development Authority (IRDA) has published draft Regulations for micro insurance. NGOs, SHGs, cooperatives and MFIs will be invited to become micro insurance agents. Government will extend full support to the effort of IRDA to promote micro insurance.

A Knowledge Centre in Every Village

56. The National Commission on Farmers has recommended the establishment of Rural Knowledge Centres all over the country using modern information and communication technology (ICT). Mission 2007 is a national initiative launched by an alliance comprising nearly 80 organizations including civil society organizations. Their goal is to set up a Knowledge Centre in every village by the 60th anniversary of Independence Day. Government supports the goal, and I am glad to announce that Government has decided to join the alliance and route its support through NABARD. I propose to allow NABARD to provide Rs.100 crore out of RIDF.

Agricultural Research

57. Agricultural Research has a vital role to play in the strategy for reviving and encouraging diversification. Our agricultural universities and research institutions have done good work in the past and now need to be strengthened and modernized. A Task Force headed by Dr. M S Swaminathan has recommended the creation of a National Fund for Strategic Agricultural Research. I am happy to announce an initial provision of Rs.50 crore for operationalizing this Fund.

VI. MANUFACTURING

58. India should build on its manufacturing capacities and scale them up to global standards. Both the Investment Commission and the National Manufacturing Competitiveness Council have started work in right earnest. I believe we shall reap the first successes of their work in the next financial year.

59. Worldwide, it is manufacturing that has driven growth. In order to revive the manufacturing sector, particularly small and medium enterprises, and to enable them to adjust to the competitive pressures caused by liberalization and moderation of tariff rates, I propose to launch a new scheme that will help them strengthen their operations and sharpen their competitiveness. The scheme will be called the "Manufacturing Competitiveness Programme." The design of the scheme will be worked out by the National Manufacturing Competitiveness Council in consultation with the industry.

Textiles

60. In the last Budget, I made a beginning in addressing the tax-induced rigidities in the textile sector in order to prepare the sector for the post-quota regime. There is a new vigour in the sector, especially in the handloom and powerloom segments. Government will continue to nurture the textile sector which has huge potential for employment and exports. The estimate of investment made in 2004-05 is Rs.20,000 crore. The estimate for the next year is Rs.30,000 crore. The Technology Upgradation Fund (TUF) scheme is being continued with an enhanced allocation of Rs.435 crore. I propose to introduce a 10 per cent capital subsidy scheme for the textile processing sector in addition to the normal benefits available under the TUF Scheme.

61. I think it is necessary to lend further help to the handloom sector. The Government proposes to adopt the cluster development approach for the production and marketing of handloom products. The Ministry of Textiles will take up 20 clusters in the first phase at a cost of Rs.40 crore, and the amount will be provided during the course of the year.

62. The Government is implementing a life insurance scheme for handloom weavers which provides insurance cover up to Rs.50,000. At present, only 2 lakh weavers are covered. I propose to enlarge the coverage of the scheme to 20 lakh weavers in two years which will cost Rs.30 crore per year when fully rolled out. The Government is also implementing a health insurance package for weavers. Here too, the coverage is now only for 25,000 weavers. I propose to increase the coverage to 2 lakh weavers at a recurring cost of Rs.30 crore per year. Once the two new and enlarged schemes are approved, I propose to provide the required funds.

Sugar Industry

63. The sugar industry has been under financial stress since 2001. The position became worse due to two successive droughts in certain parts of the country. The Tuteja Committee appointed by the Government has submitted its report. After a careful examination of the report, and after consulting RBI and NABARD, I propose the following financial package for the revitalization of the sugar industry:

- Sugar factories that were operational in 2002-03 sugar season will be assisted to restructure. NABARD, in consultation with State Governments, RBI, banks and financial institutions will work out a scheme for providing a financial package with a moratorium of two years, on both principal and interest, and a schedule of payment having regard to the commercial viability of each unit.
- Government has already reduced the rate of interest on loans from the Sugar Development Fund to 2 percentage points below the bank rate. I propose to make the same rate applicable to outstanding loans as on October 21, 2004.
- Indian Banks' Association (IBA) and NABARD will be asked to work out a scheme under which individual sugar factories may renegotiate the rate of interest on their past high interest loans.

Pharmaceuticals and Biotechnology

64. Our human resource base gives us an exceptional advantage in pharmaceuticals and biotechnology. The Indian pharmaceutical industry has declared its preparedness to produce drugs under the new patent regime. Government has already set up a Rs.150 crore research and development corpus fund for the industry. The corpus deserves to be increased, and I propose to do so in phases beginning next year. India has also the potential to become an attractive destination for outsourcing in drug discovery and clinical research, and for co-development of drugs and manufacturing. In biotechnology, the industry has the potential to be a global leader supplying novel technologies and products to the health and agriculture sectors. Government will provide a stable policy environment and necessary incentives to help the two industries become world leaders.

Small and Medium Enterprises

65. In recent years, our approach to small scale industry has evolved, and now we are inclined to treat the sector as the small and medium enterprises sector. Continuing the process initiated a few years ago, after consulting stakeholders and on the recommendation of the Advisory Committee, the Ministry of Small Scale Industries has identified 108 items for de-reservation. Among them, I would like to mention 30 items in the category of "textile products, including hosiery", which is a sector poised for rapid growth.

66. In the last Budget, I had significantly liberalized the capital subsidy scheme, and a provision of Rs.135 crore was made for "Promotion of SSI Schemes". That provision is being enhanced to Rs.173 crore in 2005-06. Small Industries Development Bank of India (SIDBI) has established this year a SME Growth Fund with a corpus of Rs.500 crore. Small and medium units in knowledge-based industries such as pharma, biotech, and IT will be provided equity support through this fund.

67. There is a need for new legislation that will provide a supportive environment for small and medium enterprises. I am glad to inform the House that my colleague, the Minister of Small Scale Industries, will introduce in this session the Small and Medium Enterprises Development Bill.

Skills Training

68. Skills development, especially for youth who have only minimal formal education, is an area which can no longer be ignored. Last July, I had proposed a programme to upgrade 500 Industrial Training Institutes (ITIs). I am happy to inform the House that in the current year 100 ITIs have been identified. Out of them, 67 ITIs in 15 States/Union Territories have been linked with industry and will be upgraded at a cost of Rs.1.6 crore each.

69. There is a demand for specific skills of a high order which is often unmet. I, therefore, propose a Public-Private Partnership between Government and industry that will take up the skills

development programme under the name Skills Development Initiative or SDI. Details of the scheme will be worked out and announced shortly.

Foreign Trade

70. We shall build on the growing external strengths of the economy. Government has delivered on the promise to accelerate foreign trade. In April-January 2004-05 exports and imports have grown by 25.55 per cent and 34.72 per cent, respectively, in US dollar terms. Government has fixed an ambitious target of US\$ 150 billion for exports by the year 2008-09 in order to double India's share in world exports to 1.5 per cent. We intend to further liberalize trade policy and extend full support to the efforts of our exporters.

Foreign Direct Investment

71. On foreign direct investment (FDI), I would urge Hon'ble Members to take a pragmatic view. At the recent meeting of the Finance Ministers of G-7 countries, to which India and China were invited, the Finance Minister of China looked in my direction and told the gathering that China had received US\$ 500 billion worth of foreign investment since China opened its economy in 1980. Of this, nearly US\$ 60 billion came in calendar 2004. Our own experience has been that the automobile, software, telecommunication and electronics sectors have benefited from FDI and have assimilated themselves into the global production chain. I believe that there are opportunities in other sectors as well, such as mining, trade and pensions. Government will, after due consultation, come forward with suitable proposals.

VII. INFRASTRUCTURE

Telecommunications

72. Telecommunication is the best way to provide connectivity in urban and rural India. By the end of January 2005, we had achieved a tele-density of 8.75 per cent. However, we are concerned with the low tele-density in rural areas. So far, Government has released Rs.1,700 crore to the Universal Service Obligation (USO) Fund, which has been fully utilized. A provision of Rs.1,200 crore has been made for 2005-06. 1,687 subdivisions will get support under the USO Fund for rural household telephones. 5.20 lakh village public telephones (VPTs) have been installed so far, and BSNL has undertaken to provide VPTs in the next three years to the remaining 66,822 revenue villages

National Highway Development Project

73. The National Highway Development Programme (NHDP) has made steady progress, and 5,172 kms of National Highways have been four-laned till January 2005 under NHDP I and NHDP II. To be launched in the next fiscal, NHDP III will target selected high density highways not forming part of the Golden Quadrilateral or the North-South and East-West corridors. I have provided Rs.1,400 crore for this purpose in 2005-06 to four-lane 4000 kms. A special package for the North Eastern region has also been approved, and I have allocated Rs.450 crore in this behalf. In overall terms, the outlay for National Highway development will be increased from Rs.6,514 crore in BE 2004-05 to Rs.9,320 crore in 2005-06.

Rural Electrification

74. A massive programme for rural electrification will begin in 2005-06 with the objective of covering 1.25 lakh villages in five years. The focus will be on deficient States. The programme envisages creation of a rural electricity distribution backbone, with a 33/11 KV substation in each block and at least one distribution transformer in each village. I have provided Rs.1,100 crore for this programme in the next year.

Indira Awas Yojana

75. Indira Awas Yojana is the flagship rural housing scheme for weaker sections. The allocation is being increased from Rs.2,500 crore in the current year to Rs.2,750 crore in BE 2005-06. About 15 lakh houses will be constructed during the next year.

Special Purpose Vehicle

76. The importance of infrastructure for rapid economic development cannot be overstated. The most glaring deficit in India is the infrastructure deficit. Investment in infrastructure will continue to be funded through the Budget. However, there are many infrastructure projects that are financially viable but, in the current situation, face difficulties in raising resources. I propose that such projects may be funded through a financial Special Purpose Vehicle (SPV). When large infrastructure projects are implemented, the foreign exchange resources could be drawn for financing necessary imports. Accordingly, I propose to establish an SPV to finance infrastructure projects in specified sectors. Roads, ports, airports and tourism would be sectors that can benefit most from the SPV. The projects will be appraised by an Inter-Institutional Group of banks and financial institutions. The SPV will lend funds, especially debt of longer term maturity, directly to

the eligible projects to supplement other loans from banks and financial institutions Government will communicate the borrowing limit to the SPV at the beginning of each fiscal year. For 2005-06, I propose to fix the borrowing limit at Rs.10,000 crore.

77. I have also made a provision of Rs.1500 crore for "viability gap" funding for infrastructure projects. That mechanism will be used also in conjunction with the funding mechanism through the SPV.

PURA Clusters

78. The unorganized or informal sector accounts for 92 per cent of the employment and absorbs the bulk of the annual accretion to the labour force. PURA or Provision of Urban Amenities in Rural Areas is an idea that contains within itself possible solutions to a number of problems that afflict rural India such as unemployment, isolation from markets, lack of connectivity and migration to cities. The National Commission on Enterprises in the Unorganized/ Informal Sector has proposed pilot projects for 'growth poles' applying the PURA principles. The objectives are to expand production and employment in the unorganized enterprises around existing clusters of industrial activities and services as well as encourage the formation of new clusters. Once the proposals are firmed up, Government will take up the creation of a few growth poles, as pilot projects, in 2005-06.

National Urban Renewal Mission

79. The demographic trends in the country indicate a rapid increase in urbanization. India needs urban facilities of satisfactory standards to cope with the challenge. If our cities are not renewed, they will die. The National Urban Renewal Mission is designed to meet this challenge. It will cover the seven mega cities, all cities with a population of over a million, and some other towns. I propose to make an outlay of Rs.5,500 crore in 2005-06, including a grant component of Rs.1,650 crore for the Mission.

80. The Mumbai Metro Rail Project, the Mumbai Trans Harbour Link, the Mumbai Western Expressway Sealink and the Bangalore Metro Rail Project are examples of projects which could be supported through the Mission.

VIII. FINANCIAL SECTOR

81. The incipient investment boom in infrastructure, industry (including housing), and services needs to be nurtured through further reforms in the financial sector including reforms in bank finance and debt and equity markets.

Banking

82. The banking sector presents a picture of paradoxes. There are many banks in India but none among the top twenty in the world. Our largest bank, the State Bank of India, ranks 82 in terms of business. It is universally acknowledged that the key drivers of the banking sector in the future will be Competition, Consolidation and Convergence. RBI has prepared a road map for banking sector reforms and will unveil the same. While most proposals will be implemented by the RBI on its own authority, some legislative changes would be required to be made.

83. I had promised that a comprehensive Bill to amend the Banking Regulation Act, 1949 will be introduced in the Budget Session. In consultation with the RBI, I propose to introduce amendments to the Act -

- to remove the lower and upper bounds to the statutory liquidity ratio (SLR) and provide flexibility to RBI to prescribe prudential norms;

- to allow banking companies to issue preference shares, since preference share capital can be treated as regulatory capital under specified circumstances as per Basel norms;

- to introduce specific provisions to enable the consolidated supervision of banks and their subsidiaries by RBI in consonance with the international best practices in this regard;

I also propose to introduce amendments to the Reserve Bank of India Act, 1934-

- to remove the limits of the cash reserve ratio (CRR) to facilitate more flexible conduct of monetary policy; and

- to enable RBI to lend or borrow securities by way of repo, reverse repo or otherwise.

PFRDA

84. With increasing longevity, the problem of old-age income security can no longer be ignored. Government had announced a defined contribution pension scheme for newly recruited Central Government employees which would also be extended to the unorganized sector. I am happy to inform the House that seven State Governments - Andhra Pradesh, Chhattisgarh, Himachal Pradesh, Jharkhand, Manipur, Rajasthan and Tamil Nadu - have introduced similar

schemes for their employees. Other States have also evinced interest. An Ordinance was promulgated on December 29, 2004 to set up a Pension Fund Regulatory and Development Authority (PFRDA). I propose to introduce a Bill to replace the Ordinance during this session.

85. Through the new scheme, it is proposed to offer a menu of investment choices to the subscriber and to provide a strong regulatory mechanism to ensure that the interests of subscribers are protected. I appeal to workers all over the country to join the new pension system.

Capital Market

86. The capital market has emerged as a major vehicle for converting savings into investment. It is also the preferred investment destination of foreign savings. The steps announced by me last July, and implemented, have strengthened the capital market. It is time for more measures and, hence, I propose to –

- authorize Securities and Exchange Board of India (SEBI) to set up a National Institute of Securities Markets for teaching and training intermediaries in the securities markets and promoting research; and
- permit FIIs to submit appropriate collateral, in cash or otherwise, as prescribed by SEBI, when trading in derivatives on the domestic market.

While India's equity market has made progress, the corporate bond market still lags behind. In order to address this gap, I propose to –

- amend the definition of 'securities' under the Securities Contracts (Regulation) Act, 1956 so as to provide a legal framework for trading of securitized debt including mortgage backed debt; and
- appoint a high level Expert Committee on corporate bonds and securitization to look into the legal, regulatory, tax and market design issues in the development of the corporate bond market.

Over the Counter (OTC) Derivatives

87. Over the counter (OTC) derivatives play a crucial role in mitigating the risks of corporates, banks and other financial entities. There is, however, some ambiguity regarding the legality of OTC derivative contracts which has inhibited their growth. I, therefore, propose to take measures to provide for clear legal validity of such contracts.

Stamp duty on Stock Exchange Corporatization

88. The Securities Contracts (Regulation) Act, 1956, as amended recently, requires all stock exchanges to be corporatized and de-mutualized. Three stock exchanges are not yet corporatized. In order to facilitate their corporatization, I propose to grant a one-time exemption to them from stamp duty on the notional transfer of assets.

Stamp Duty on Commercial Paper

89. In order to create a level playing field for banks and non-bank entities to issue commercial paper, and to bring the Indian commercial paper market closer to international standard, I propose to rationalize the stamp duty so that it applies uniformly regardless of the issuing entity.

Mumbai – A Regional Financial Centre

90. When I look at the map of the world, I am struck by the strategic location of Mumbai. It lies almost midway between London and Tokyo, two nerve centres of world finance. Mumbai is also home to the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) which now rank no.3 and no.5 among the stock exchanges of the world by the number of trades per year. In the last decade, we have built world class institutions on the securities markets and we now compare with the best in terms of technological sophistication, risk management and sound governance. I believe the time has come to begin work on making Mumbai a regional hub for finance. In consultation with the RBI, I propose to appoint a high powered Expert Committee to advise the Government on how to make Mumbai a regional financial centre.

Gold Units

91. Ten years ago we embarked on the process of ensuring that gold inflows are through the official channels alone. I believe that we are now in a position to introduce 'gold units' and create a market for such units. I propose to ask SEBI to permit, in consultation with RBI, mutual funds to introduce Gold Exchange Traded Funds (GETFs) with gold as the underlying asset, in order to enable any household to buy and sell gold in units for as little as Rs.100. Such units could be traded in the same manner as units of mutual funds.

IX. OTHER PROPOSALS**Institutions of Excellence**

92. On January 6, 2005, the Prime Minister spoke about his intention to set up a Knowledge Commission to look into the issue of building quality human capital. Government believes that investments in institutions of higher education and Research and Development organizations are as important as investments in physical capital and physical infrastructure. What we need are world class universities, and we must make a beginning with one institution. We must have a university that will be ranked alongside Oxford and Cambridge or Harvard and Stanford. I am happy to inform the House that we have selected the Indian Institute of Science (IISc), Bangalore, which enjoys a high reputation as a centre of excellence in research and development. We shall work to make IISc, in a few years, a world class university. I propose to provide an additional sum of Rs.100 crore as a grant for this purpose.

VAT

93. In a remarkable display of the spirit of cooperative federalism, the States are poised to undertake the most important tax reform ever attempted in this country. All States have agreed to introduce the value added tax (VAT) with effect from April 1, 2005. VAT is a modern, simple and transparent tax system that will replace the existing sales tax and eliminate the cascading effect of sales tax. It is in force in more than 130 countries ranging from Sri Lanka to China. India too has a VAT at the Central level (CENVAT), but only for goods.

94. In the medium to long term, it is my goal that the entire production-distribution chain should be covered by a national VAT, or even better, a goods and services tax, encompassing both the Centre and the States.

95. The Empowered Committee of State Finance Ministers, with the solid support of the Chief Ministers, has laboured through the last 7 years to arrive at a framework acceptable to all States. The Central Government has promised its full support and has also agreed to compensate the States, according to an agreed formula, in the event of any revenue loss. I take this opportunity to pay tribute to the Empowered Committee, and wish the States success on the introduction and implementation of VAT.

Twelfth Finance Commission

96. On February 26, 2005 I laid before Parliament the recommendations made by the Twelfth Finance Commission (TFC). TFC's recommendations cover tax devolution, grants to States, debt relief, financing of relief expenditure and related matters. States stand to gain considerably by the award.

97. However, the implementation of the TFC recommendations will put a large burden on Central finances through the period 2005-10, and especially in the first year, 2005-06, when the change to the new pattern will take place. Consolidation and rescheduling of Central loans, reduction in the interest rate and specific grants under different heads will affect both capital and revenue receipts of the Central Government. The total impact on the Central budget for 2005-06 will be approximately Rs.26,000 crore or an addition of three-quarters of a percentage point as a proportion of GDP. Needless to say, this will have an impact on Government's capacity to abide by the Fiscal Responsibility and Budget Management Act (FRBM) in 2005-06.

Defence Expenditure

98. Last July, in order to catch up with the backlog of expenditure that had not been provided for, I had increased the allocation for Defence to Rs.77,000 crore. I am happy to inform the House that, after a gap, defence expenditure in 2004-05 has matched the Budget Estimates. I propose to increase the allocation for Defence in 2005-06 to Rs.83,000 crore, which will include an allocation of Rs.34,375 crore for capital expenditure.

X. FISCAL CONSOLIDATION

99. The current phase of high growth provides us an opportunity that should not be frittered away. We must use this opportunity to improve the fiscal health of the country. We must increase our revenues and reorient expenditure to pay for more outlays on education, health and infrastructure.

Outlays versus Outcomes

100. At the same time, I must caution that outlays do not necessarily mean outcomes. The people of the country are concerned with outcomes. The Prime Minister has repeatedly emphasized the need to improve the quality of implementation and enhance the efficiency and accountability of the delivery mechanism. During the course of the year, together with the Planning Commission, we shall put in place a mechanism to measure the development outcomes of all major programmes. We shall also ensure that programmes and schemes are not allowed to

continue indefinitely from one Plan period to the next without an independent and in-depth evaluation. Civil society should also engage Government in a healthy debate on the efficiency of the delivery mechanism.

Subsidies

101. Following my announcement last July, I placed before Parliament a report on Central Government subsidies. There are three main products that involve large explicit subsidies from the Budget and otherwise. These are food, fertilizer and petroleum. Subsidies provide a measure of protection for the poor and we shall continue to provide subsidies. However, we must now take up the task of restructuring the subsidy regime in a cautious manner and after a thorough discussion.

102. The Ministry of Agriculture intends to make procurement of food grains more cost effective through decentralized procurement, especially in the non-traditional States, without impairing the present MSP-based procurement. A Working Group constituted by the Department of Fertilizers is now examining several issues for implementing the next stage of the New Pricing Scheme for fertilizers commencing from April 1, 2006. The fertilizer subsidy bill could be pruned if naphtha and FO/LSHS, now used as feedstock, are replaced by natural gas. As far as petroleum products are concerned, the Government has received the recommendations of the Lahiri Committee, and appropriate decisions have been taken, to which I shall refer in Part B of my speech.

103. What gives me satisfaction is that, while faithfully attempting to implement the mandate of the NCMP, I have been able to remain on the path of fiscal consolidation. According to the revised estimates for 2003-04, the revenue deficit was 3.6 percent and the fiscal deficit was 4.8 per cent of GDP. The FRBM Act requires a reduction in the two ratios, respectively, of 0.5 per cent and 0.3 per cent every year. I am happy to inform the House that we will achieve this degree of fiscal correction in 2004-05, and the year is expected to end with a revenue deficit of 2.7 per cent and a fiscal deficit of 4.5 per cent of GDP.

XI. BUDGET ESTIMATES FOR 2005-06

104. Now I turn to the Budget Estimates for the next fiscal.

Plan Expenditure

105. Plan expenditure for 2005-06 is estimated, on a like-to-like basis, at Rs.172,500 crore. However, the Budget shows Plan expenditure at Rs.143,497 crore, and the balance amount of Rs.29,003 crore will be raised as loans by the State Governments directly, in accordance with the recommendations of the TFC.

Non-Plan Expenditure

106. Non-Plan expenditure in 2005-06 is estimated to be Rs.370,847 crore, the increase being mainly due to enhanced grants to the States as recommended by TFC.

Revenue Deficit and Fiscal Deficit

107. Mr. Speaker, Sir, in the Budget Estimates for 2005-06, the total expenditure is estimated at Rs.514,344 crore. I estimate total revenue receipts of the Central Government at Rs.351,200 crore and the revenue expenditure at Rs.446,512 crore. Consequently, the revenue deficit is estimated at Rs.95,312 crore which is equal to 2.7 per cent of the estimated GDP. The fiscal deficit is estimated at Rs.151,144 crore, which is 4.3 per cent of the estimated GDP.

108. Consequent to accepting the recommendations of the Twelfth Finance Commission and the drastically changed pattern of devolution and funding, there has been a considerable strain in making the Budget for 2005-06. I was left with no option but to press the 'pause' button vis-a-vis the FRBM Act. I am relieved that we have not been forced to go in the opposite direction. I may add that we are perilously close to the limits of fiscal prudence and there is no more room for spending beyond our means. I am confident that we can resume the process of fiscal correction with effect from 2006-07 and achieve the FRBM goals by 2008-09.

PART - B

XII. TAX PROPOSALS

109. Mr. Speaker, Sir, I shall now present my tax proposals.

110. I had articulated the UPA Government's principles and our approach to taxation in my Budget speech in July 2004, and, hence, there is no need to repeat them. While adhering to those principles, it is Government's intention, as announced by the Prime Minister, to undertake major tax reforms to improve the tax to GDP ratio, expand the tax payer base, increase tax compliance and make tax administration more efficient.

Indirect Taxes

111. I shall begin with my proposals on indirect taxes. First, customs duties.
112. I intend to advance the Government's declared policy of making the customs duty structure closer to that of our East Asian neighbours. Therefore, I propose to reduce the peak rate for non-agricultural products from 20 per cent to 15 per cent.
113. Consistent with the peak duty rate, I propose to bring down the customs duty rates on capital goods and raw materials as well as correct any inverted duty structures.
114. In order to promote investment, I propose to reduce the customs duties on selected capital goods and parts thereof to below 15 per cent, to 10 per cent in some cases and to 5 per cent in some others.
115. For most textile machinery, I propose to reduce the duty from 20 per cent to 10 per cent, in order to help the textile industry acquire a competitive edge in the post-quota regime. Similarly, to encourage the food processing industry, I propose to reduce the duty on refrigerated vans from 20 per cent to 10 per cent.
116. To give a leg-up to the leather and footwear industry, I propose to reduce the customs duties on seven specified machinery from 20 per cent to 5 per cent. The duty on ethyl vinyl acetate (EVA), an input for the footwear industry, is also proposed to be reduced from 20 per cent to 10 per cent.
117. Pharmaceuticals and biotechnology are sunrise sectors. I propose to reduce the customs duty on nine specified machinery used in these two sectors to 5 per cent.
118. I also propose to reduce the customs duties on specified parts of battery-operated road vehicles and for printing presses from 20 per cent to 10 per cent.
119. For primary and secondary metals, I propose to reduce the customs duties from 15 per cent to 10 per cent. Similarly, industrial raw materials such as catalysts, refractory raw materials, basic plastic materials, molasses and industrial ethyl alcohol, which are key inputs to manufacture, will now be liable to a reduced customs duty rate of 10 per cent. On lead, I propose to reduce the duty to 5 per cent.
120. Coking coal with high ash content attracts a duty of 15 per cent. I propose to bring the rate down to 5 per cent.
121. Keeping in mind the crucial need to encourage the textile sector, the customs duty rates on polyester and nylon chips, textile fibres, yarns and intermediates, fabrics, and garments are proposed to be reduced from 20 per cent to 15 per cent.
- 122. The electronics and telecom sectors merit special attention. On 217 Information Technology Agreement (ITA) bound items, the duty is required to be brought down to nil. Consequently, to provide a level-playing field to the domestic industry, I propose to remove the customs duty on specified capital goods and all inputs required for the manufacture of ITA bound items.**
123. However, I intend to take the power to impose a countervailing duty (CVD) of 4 per cent on all imports to compensate for the State level taxes, in particular the forthcoming State level VAT that is proposed to be imposed on corresponding domestic goods. For the present, I propose to levy a CVD of 4 per cent only on the imports of ITA bound items and their inputs that attract nil duty. Credit for the CVD will be available against payment of excise duty. However, because we have a soft corner for these wares, IT software will be exempt from the proposed CVD.
124. I do not propose to make any changes in the customs duties applicable to agricultural goods. In fact, I have decided to increase the duty on cut flowers from 30 per cent to 60 per cent. However, at the request of the trade, and since there is little domestic production, I propose to reduce the duty rate on cloves to 35 per cent.
125. In order to encourage the import of technology to produce pure drinking water, I propose to reduce the import duty on atmospheric drinking water generators from 20 per cent to 5 per cent.
126. I have some proposals on the Excise side too. Government's intention is to bring as many goods as possible to the CENVAT rate of 16 per cent. Today, 5 items attract 24 per cent. Out of the 5, I have picked out three — polyester filament yarn, tyres and air conditioners — and I propose to reduce the excise duty on these goods to 16 per cent. Manufacturers of motor cars and aerated drinks, the other two items, would have to wait for some more time.
127. Last year, I took a big step forward to prepare the textile industry to meet the challenges of the post-quota regime. I re-affirm that the CENVAT exemption route for natural fibres will remain in force. I now propose to give independent texturizers the option to avail of the exemption route or pay 8 per cent excise duty with CENVAT credit.

128. Imitation jewellery now attracts an excise duty of 16 per cent. Since they are products predominantly consumed by the less affluent sections, I propose to reduce the excise duty to 8 per cent. At the same time, expensive and premium jewellery is now manufactured and sold under alluring brand names. On such branded jewellery, I propose to levy an excise duty of 2 per cent. I may clarify that there is no levy on unbranded jewellery, including unbranded gold jewellery.

129. In order to remove certain distortions in the tax treatment of comparable products, I propose to levy an excise duty on mosaic tiles at 8 per cent and on road tractors for semi-trailers of engine capacity exceeding 1800 cc at 16 per cent. I may clarify that agricultural tractors will continue to remain exempt.

130. Some sectors deserve relief, since they produce goods for the common citizen. Today, there is a surcharge of Re.1 per kg on tea. I propose to abolish the surcharge. There is also an excise duty of Re.1 per kg on refined edible oils and Rs.1.25 per kg on vanaspati. I propose to abolish both levies and fully exempt the two items.

131. Even while protecting the handmade sector that makes matches, it is necessary to give some relief to the mechanized and semi-mechanized sectors. Hence, I propose to reduce the excise duty from 16 per cent to 12 per cent on matches made by these two sectors. Hand-made matches are fully exempt from excise duty and, therefore, will continue to enjoy adequate protection.

132. I would like to provide some tax relief to the small scale industry (SSI). Hence, I propose to raise the ceiling for SSI exemption based on turnover from the level of Rs.3 crore per year to Rs.4 crore per year. Further, SSI units will now have only two options: either full exemption on the first clearance of Rs.1 crore or normal duty on the first clearance of Rs.1 crore with CENVAT credit.

133. I propose to restore the excise duty rate on iron and steel to the normal level of 16 per cent. This should have little effect on prices because the entire duty is modvatable by most categories of consumers.

134. I propose to increase the specific duty on molasses from Rs.500 per MT to Rs.1000 per MT to adjust partially for a hefty increase in molasses prices. I also propose to increase the specific duty on cement clinkers from Rs.250 per MT to Rs.350 per MT as an anti-avoidance measure.

135. The National Highways Development Project requires very large resources. In order to raise additional resources, I propose to increase the cess on petrol and diesel by 50 paise per litre. The additional resources will be earmarked exclusively for the national highways, and a suitable amendment is being proposed to the Central Road Fund Act, 2000.

136. The levy of an education cess has been widely applauded. The health sector demands similar treatment. What better way is there to fund health care than tax those goods which are health hazards? I, therefore, propose to raise some additional resources and allocate the proceeds to finance the National Rural Health Mission. Accordingly, I propose to increase the specific rate on cigarettes by about 10 per cent and impose a surcharge of 10 per cent on ad valorem duties on other tobacco products including gutka, chewing tobacco, snuff and pan masala. However, biris will not be subject to this levy.

137. Finally, there is the issue of taxes on petroleum products. After examining the Lahiri committee's report, I propose to make major changes in the customs and excise duty rates. The customs duty on crude petroleum will be reduced from 10 per cent to 5 per cent.

138. On LPG for domestic consumption and on subsidized kerosene, the customs duty will be nil. On both products, the excise duty will also be nil.

139. On other petroleum products, including motor spirit (MS) and diesel (HSD), I propose to reduce the customs duty from the current level of 20 or 15 per cent to 10 per cent. I also propose to fix the excise duties on petrol and diesel as a combination of ad valorem and specific duties.

140. The proposed changes are revenue neutral, and I have been assured that there will be no increase in the retail prices of these products as a result of the changes in the duty structure.

141. Consequent upon the changes made in customs and excise duties, the drawback rates for exported goods will be reviewed and modifications, wherever necessary, will be notified by April 30, 2005.

142. Hon'ble Members are aware that many goods are chargeable to excise duty on a value with reference to their maximum retail price (MRP), after allowing suitable abatement. The system of quantifying the abatement should be made transparent. There should also be a mechanism to review the rate of abatement to reflect changed circumstances. Hence, as a trade facilitation measure, I propose to set up an advisory committee to advise the Government on the extent of abatement for both excise duty and service tax.

143. The other indirect tax is service tax. Since the services sector accounts for about 52 percent of the GDP it is necessary to cast the net wide.

144. Last July, I raised the rate of service tax to 10 per cent. I propose to maintain that rate.

145. I also propose to grant relief to small service providers. Accordingly, I propose to exempt from service tax those service providers whose gross turnover does not exceed Rs.4 lakh per year. According to my calculation, 80 per cent of the present service tax payers will gain from the exemption.

146. I propose to include some additional services in the service tax net. New services to be covered include pipeline transport of goods; site formation, demolition and like services; membership fees of clubs and associations; packaging and specialized mailing services; survey and map making services; dredging services in rivers and harbours; cleaning services for commercial buildings and similar premises; and construction of planned residential complexes, with more than 12 dwelling units, developed by builders.

147. I also propose to expand the coverage of certain services, but I shall not burden you with the details.

Direct Taxes

148. I shall now turn to my proposals on direct taxes.

149. Last July, as an interim measure, I made a provision under which a person with a taxable income of Rs.100,000 would not be required to pay any income tax. About 1.4 crore assesseees got relief. I promised to revisit the subject in this Budget.

150. As part of a major overhaul of direct taxes, I propose to alter the tax brackets after taking due note of the universal demand of Members of Parliament and the need to provide stability in the medium term.

151. Accordingly, I propose that the new tax brackets and the new rates will be as follows:

Up to Rs.1 lakh	..	nil
Rs.1 lakh to Rs.1.5 lakh	..	10 per cent
Rs.1.5 lakh to Rs.2.5 lakh	..	20 per cent
Above Rs.2.5 lakh	..	30 per cent

Further, the level at which the surcharge of 10 per cent will apply will be raised to Rs.10 lakh taxable income. Hon'ble members will be happy to note that tax payers in every tax bracket will gain from my proposal.

152. Besides, I propose to fix the threshold exemption level for women at Rs.1.25 lakh and the exemption level for senior citizens at Rs.1.5 lakh. These revised exemption levels will be in lieu of the prevailing tax rebate provisions.

153. Given the higher exemption limits and the scaling up of tax brackets, the need for a separate personal allowance does not exist. Therefore, in conformity with growing international practice, I propose to remove the standard deduction.

154. There is now a plethora of exemptions, ostensibly intended to promote savings. Some exemptions are based on the principle of deduction from taxable income and some exemptions are based on the principle of tax rebate. I believe the time is ripe to clean up these exemptions. At the same time, it is necessary to encourage savings, and tax relief is a method to induce people to save. Further, I think that the State must be neutral between one form of saving and another, and allow the tax payer greater flexibility in making savings/investment decisions.

155. For all these reasons, in addition to the basic exemption limits, I propose to allow every tax payer a consolidated limit of Rs.1 lakh for savings which will be deducted from the income before tax is calculated. All prevailing sectoral caps will be removed. The rebate under Section 88 is being eliminated and Section 80L is being omitted to reflect the new regime.

156. In addition to the sum of Rs.1 lakh, the following six deductions will continue to receive the same tax treatment as prevails today:

- i) interest paid on housing loan for self-occupied house property;
- ii) medical insurance premia;
- iii) specified expenditure on disabled dependant;
- iv) expenses for medical treatment for self or dependant or member of a HUF;

- v) deduction in respect of interest on loans for pursuing higher studies; and
- vi) deduction to a person with disability.

157. Tax treatment of savings is a complex issue but we can benefit from the best international practices in this regard. We have already introduced EET-based taxation in the defined contribution pension scheme applicable to newly recruited government servants. Before we fully migrate to the EET system for all kinds of savings, it is necessary to resolve a number of administrative issues. Hence, without making any change for the present, I propose to set up a committee of experts that will work out the road map for moving towards an EET system.

158. Bowing to popular demand, I propose to continue the exemption from tax on interest earned on accounts maintained by Non Resident Indians.

159. While the tax reliefs that I have given today should warm the hearts of the tax payers, I have also an obligation to raise resources, especially to meet the large requirements of NCMP-mandated programmes.

160. I have looked into the present system of taxing perquisites and I have found that many perquisites are disguised as fringe benefits, and escape tax. Neither the employer nor the employee pays any tax on these benefits which are certainly of considerable material value. At present, where the benefits are fully attributable to the employee they are taxed in the hands of the employee; that position will continue. In addition, I now propose that where the benefits are usually enjoyed collectively by the employees and cannot be attributed to individual employees, they shall be taxed in the hands of the employer. However, transport services for workers and staff and canteen services in an office or factory will be outside the tax net. The tax is not a new tax, although I am obliged to call it by a new name, namely, Fringe Benefits Tax. The rate will be 30 per cent on an appropriately defined base.

161. I believe I have given a large measure of relief to personal income tax payers, and I hope all sections of the people and all members of the House are happy. This leads me to corporate income tax.

162. The corporate income tax rate, the surcharge thereon and the rates of depreciation are inter-linked. Any reform would have to address all three elements. The international best practice is to provide for depreciation at rates that would enable the investor to replace the asset before its economic life ends. In India, in addition to the depreciation rate we have allowed an initial depreciation in order to encourage new investment. Hon'ble members may recall that, last July, I reduced the condition relating to increase in installed capacity from 25 per cent to 10 per cent.

163. I am also obliged to keep in mind that a number of profit making companies continue to pay low tax, even if well within the law, by taking advantage of liberal depreciation rates and of exemptions and incentives. Moreover, the current depreciation rates lean towards employing capital rather than labour.

164. There is also a demand that corporate tax rates should be aligned with the highest marginal personal income tax rate.

165. After careful consideration of the pros and cons, the interest of the revenue and the need to give the corporate sector a measure of relief, I propose the following tax structure.

166. For domestic companies, the corporate income tax rate will be 30 per cent. There will also be a surcharge of 10 percent. The rate of depreciation will be 15 per cent for general machinery and plant, but the initial depreciation rate will be increased to 20 per cent.

167. The corporate sector will find that the proposed tax structure is fair, gives them relief of nearly 3 per cent in the tax rate, encourages new investment and ensures equity among all sections of corporate tax payers.

168. As a further measure of relief, I propose to remove the requirement of 10 per cent increase in installed capacity for availing of the benefit of initial depreciation.

169. To encourage technological upgradation, I propose to reduce the withholding tax on technical services from 20 per cent to 10 per cent.

170. I also propose that credit will be allowed for the Minimum Alternate Tax (MAT) paid under Section 115 JB of the Income Tax Act.

171. I do not propose to make any changes in the tax regime applicable to foreign companies.

172. Last July, I had indicated that I would review the terminal dates on exemptions given for specific purposes. Accordingly, I propose to extend the terminal date, in the following three cases, from March 31, 2005 to March 31, 2007:

- Weighted deduction of 150 per cent of expenditure on in-house research and development facilities of companies engaged in the business of biotechnology, pharmaceuticals, electronics, telecommunication, chemicals or any other notified product;
- Deduction of profits of new industrial undertakings in Jammu & Kashmir;
- 100 per cent deduction of profits of companies carrying on scientific research and development and approved by the Department of Scientific and Industrial Research.

173. In deference to the request from Air India and Indian Airlines, I propose to extend up to September 30, 2005 the exemption from tax on agreements to acquire aircraft or aircraft engines on lease.

174. The securities transaction tax (STT) has stabilized, but the rates are widely perceived to be too low. I, therefore, propose to make a very nominal increase in the rates for all categories of transactions. Thus, a day trader who is liable to pay STT at 0.015 per cent will now be liable to pay at 0.02 per cent. This small increase should not ruffle anyone's feathers. This nominal rate of increase will apply to all categories.

175. As Hon'ble Members are aware, there have been significant developments in the past decade in the capital market including the introduction of trading in financial derivatives. We have also established a transparent system of trading with adequate safeguards for audit trail. Hence, I propose to amend the Income Tax Act to provide that trading in derivatives in specified stock exchanges will not be treated as "speculative transactions" for the purposes of the Income Tax Act.

176. I propose to amend the one-in-six criteria for filing income tax returns. Mobile telephone will be removed. Instead, payment for electricity of more than Rs.50,000 per year will be included as a criterion for filing a return of income.

177. The NCMP requires the Government to introduce special schemes to unearth black money and assets. I am obliged to carry out the mandate, but without giving undeserved relief or an amnesty. I am concerned about large cash transactions, especially withdrawals of cash, when there is no ostensible purpose to withdraw such large amounts of cash. These cash withdrawals leave no trail, and presumably become part of the black economy. Therefore, I propose to introduce two anti tax-evasion measures: Firstly, I propose to levy a tax on withdrawal of cash on a single day of over Rs.10,000 or more from banks at the rate of 0.1 per cent. Thus, a person withdrawing Rs.10,000 in cash would have to pay a small sum of Rs.10. Secondly, I propose to require banks to report to the Government all deposits which are exempt from TDS on interest. I intend to observe the results of these steps before I propose any further measures.

178. Many administrative reforms are underway in the Department of Revenue. Among them are the tax information network (TIN) and the on-line tax accounting system (OLTAS).

179. As a measure of facilitation, I propose to follow international practice and establish large taxpayer units (LTUs). To begin with, these units will be set up in major cities. I would like to invite large tax payers, whether of corporate tax or income tax or excise duties or service tax, to participate in the programme and avail of the single window service. For small taxpayers, I propose to set up Help Centres in cooperation with industry associations, professional bodies and NGOs.

180. I have received many suggestions on amendments to the direct tax laws and the indirect tax laws. I have decided to accept some suggestions that require to be acted upon immediately, but I do not propose to burden the Finance Bill with those changes. Instead, I intend to introduce a separate Bill for that purpose during this session. In due course, I intend to place before Parliament a revised and simplified Income Tax Bill.

181. My tax proposals on direct taxes are expected to yield a gain of Rs.6,000 crore. On the indirect taxes side, they are broadly revenue neutral.

XIII. CONCLUSION

Mr. Speaker, Sir,

182. One of India's proudest sons, Dr Amartya Sen, argues in his book "Development as Freedom" that development is a process of expanding the real freedoms that people enjoy. He says, "Growth of GNP or of individual incomes can, of course, be very important as *means* to expanding the freedoms enjoyed by the members of the society. But freedoms depend also on other determinants, such as social and economic arrangements (for example, facilities for education and health care) as well as political and civil rights." The UPA Government accepts this ethical dimension to the discussion of economic issues, and in this Budget I have attempted to reflect that dimension. More or less the same idea was articulated two thousand years ago by Saint Tiruvalluvar who said:

"Pini Inmai Selvam Vilaivu Inbam Emam

Ani Enba Nattirkku Iv Iyndhu"**(Health, wealth, produce, the happiness that is the result, and security****These five, the learned say, are the ornaments of a polity)**

183. This Budget, Mr Speaker, is an attempt to lay down a path in which growth and equity will reinforce each other and build a new India.

184. Sir, with these words, I commend the Budget to the House.

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Notification No. 25/98-Customs

In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts goods of the description specified in column (3) of the Table below, and falling under the sub-heading Nos. of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) as are specified in the corresponding entry in column (2) of the said Table, when imported into India, from the whole of the duty of Customs leviable thereon under the said First Schedule.

Table

S. No.	Sub-heading No.	Description
(1)	(2)	(3)
1.	7017.10 or 7020.00	Quartz reactor tubes and holders designed for insertion into diffusion and oxidation furnaces for production of semi-conductor wafers.
2.	8419.89	Chemical vapour deposition apparatus for semi-conductor production.
3.	8419.90	Parts of chemical vapour deposition apparatus for semi-conductor production.
4.	8421.19	Spin dryers for semi-conductor wafer processing.
5.	8421.91	Parts of Spin dryers for semi-conductor wafer processing.
6.	8424.89	Deflash machines for cleaning and removing contaminants from the metal leads of semiconductor packages prior to the electroplating process.
7.	8424.89	Spraying appliances for etching, stripping or cleaning semi-conductor wafers.
8.	8424.90	Parts of spraying appliances for etching, stripping or cleaning semi-conductor wafers.
9.	8456.10	Machines for working any material by removal of material, by laser or other light or photo beam in the production of semiconductor wafers.
10.	8456.91	Machine tools for working any material by removal of material, by laser or other light or photon beam, ultrasonic, electro-discharge, electro-chemical, electron beam, ionic-beam or plasma arc processes, for dry-etching patterns on semiconductor materials of the said First Schedule.
11.	8456.99	Focussed ion beam milling machines to produce or repair masks and reticles for patterns on semiconductor devices.
12.	8456.99	Laser cutters for cutting contacting tracks in semiconductor production by laser beam.
13.	8464.10	Machines for sawing monocrystal semiconductor boules into slices, or wafers into chips.
14.	8464.20	Grinding, polishing and lapping machines for processing of semiconductor wafers.
15.	8464.90	Dicing machines for scribing or scoring semiconductor wafers.
16.	8466.91	Parts of grinding, polishing and lapping machines for processing of semiconductor wafers.
17.	8466.91	Parts of machines for sawing monocrystal semiconductor boules into slices, or wafers into chips.
18.	8466.91	Parts of dicing machines for scribing or scoring semiconductor wafers.
19.	8466.93	Parts of focussed ion beam milling machines to produce or repair masks and reticles for patterns on semiconductor devices.
20.	8466.93	Parts of machines for working any material by removal of material, by laser or other light or photo beam in the production of semiconductor wafers.
21.	8466.93	Parts of machines for dry-etching patterns on semiconductor materials.
22.	8466.93	Parts of laser cutters for cutting contacting tracks in semiconductor production by laser beam.
23.	8466.93	Parts of apparatus for stripping or cleaning semiconductor wafers.
24.	8477.10 or 8479.89	Encapsulation equipment for assembly of semiconductors.
25.	8477.90 or 8479.90	Parts of encapsulation equipment for assembly of semiconductors.
26.	8479.50	Automated machines for transport, handling and storage of semiconductor wafers, cassettes, wafer boxes and other material for semiconductor devices.
27.	8479.89	Apparatus for growing or pulling monocrystal semiconductor boules.
28.	8479.89	Epitaxial deposition machines for semiconductor wafers.
29.	8479.89	Apparatus for physical deposition by sputtering on semiconductor wafers.
30.	8479.89 or 8543.30	Apparatus for wet-etching, developing, stripping or cleaning semiconductor wafers and flat panel displays.
31.	8479.89	Die attach apparatus, tape automated bonders and wire bonders for assembly of semiconductors.
32.	8479.89	Machines for bending, folding and straightening semiconductor leads.

33.	8479.89	Physical deposition apparatus for semiconductor production.
34.	8479.89	Spinners for coating photographic emulsions on semiconductor wafers.
35.	8479.90	Parts of apparatus for growing or pulling monocrystal semiconductor boules.
36.	8479.90	Parts of epitaxial deposition machines for semiconductor wafers.
37.	8479.90	Parts of apparatus for physical deposition by sputtering on semiconductor wafers.
38.	8479.90	Parts for die attach apparatus, tape automated bonders and wire bonders for assembly of semiconductors.
39.	8479.90	Parts of spinners for coating photographic emulsions on semiconductor wafers.
40.	8479.90 or 8543.90	Parts of apparatus for wet-etching, developing, stripping or cleaning semiconductor wafers and flat panel displays.
41.	8479.90	Parts of automated machines for transport, handling and storage of semiconductor wafers, wafer cassettes, wafer boxes and other material for semiconductor devices.
42.	8479.90	Parts of machines for bending, folding and straightening semiconductor leads.
43.	8479.90	Parts of physical deposition apparatus for semiconductor production.
44.	8480.71	Injection and compression moulds for manufacture of semiconductor devices.
45.	8514.10	Resistance heated furnaces and ovens for the manufacture of semiconductor devices on semiconductor wafers.
46.	8514.20	Inductance or dielectric furnaces and ovens for the manufacture of semiconductor devices on semiconductor wafers.
47.	8514.30	Parts of resistance heated furnaces and ovens for the manufacture of semiconductor devices on semiconductor wafers.
48.	8514.30	Apparatus for rapid heating of semiconductor wafers.
49.	8514.90	Parts of furnaces and ovens of heading Nos. 8514.10 to 8514.30.
50.	8514.90	Parts of apparatus for rapid heating of wafers.
51.	8543.11	Ion implanters for doping semiconductor materials.
52.	8543.89 or 9017.20	Pattern generating apparatus of a kind used for producing masks or reticles from photoresist coated substrates.
53.	8543.90	Parts of ion implanters for doping semiconductor materials.
54.	8543.90 or 9017.90	Parts and accessories of pattern generating apparatus of a kind used for producing masks or reticles from photoresist coated substrates.
55.	9010.41 or 9010.42 or 9010.49	Apparatus for the projection or drawing of circuit patterns on sensitised semiconductor materials.
56.	9010.90	Parts and accessories of the apparatus of heading Nos. 9010.41 to 9010.49.
57.	9011.10	Optical stereoscopic microscopes fitted with equipment specifically designed for the handling and transport of semiconductor wafers or reticles.
58.	9011.20	Photomicrographic microscopes fitted with equipment specifically designed for the handling and transport of semiconductor wafers or reticles.
59.	9011.90	Parts and accessories of optical stereoscopic microscopes fitted with equipment specifically designed for the handling and transport of semiconductor wafers or reticles.
60.	9011.90	Parts and accessories of photomicrographic microscopes fitted with equipment specifically designed for the handling and transport of semiconductor wafers or reticles.
61.	9012.10	Electron beam microscopes fitted with equipment specifically designed for the handling and transport of semiconductor wafers or reticles.
62.	9012.90	Parts and accessories of electron beam microscopes fitted with equipment specifically designed for the handling and transport of semiconductor wafers or reticles.
63.		Omitted
64.	9030.90	Parts and accessories of instruments and apparatus and parts of appliances for measuring or checking semiconductor wafers or devices.
65.	9031.41	Optical instruments and appliances, for inspecting semiconductor wafers or devices or for inspecting photomasks or reticles used in manufacturing semiconductor devices.
66.	9031.49	Optical instruments and appliances for measuring surface particulate contamination on semiconductor wafers.
67.	9031.90	Parts and accessories of optical instruments and appliances for inspecting semiconductor wafers or devices or for inspecting masks, photomasks or reticles used in manufacturing semiconductor devices.
68.	9031.90	Parts and accessories of optical instruments and appliances for measuring surface particulate contamination on semiconductor wafers.

Notification No. 25/98-Cus., dated 2-6-1998 as amended by Notification No. 27/99-Cus., dated 28-2-1999 and No. 20/2001-Cus., dated 01-03-2001..

NotificationNew Delhi, dated the 1st March, 2005

No. 24 /2005-Customs

10 Phalgun, 1926 (Saka)

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts the following goods, falling under the heading, sub-heading or tariff-item of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) and specified in column (2) of the Table below, when imported into India, from the whole of the duty of customs leviable thereon under the said First Schedule, namely:-

Table

S.No.	Goods falling under Heading, Sub-heading or Tariff item
(1)	(2)
1.	3818 00
2.	8456 91 00, 8469 11 00, 8470, 8471, 8473 21 00, 8473 29 00, 8473 30, 8473 50 00
3.	8517, 8520 20 00, 8523 (other than those falling under tariff item 8523 30 00), 8524 31, 8524 40, 8524 91, 8525 20, 8531 20 00, 8532, 8533, 8534 00 00, 8541, 8542, 8543 11 00, 8543 81 00, 8544 70
4.	9009 11 00, 9009 21 00, 9009 91 00, 9009 92 00, 9009 93 00, 9009 99 00, 9010 41 00, 9010 42 00, 9010 49 00, 9013 80 10, 9013 90 10, 9026, 9027 20 00, 9027 30, 9027 50, 9027 80, 9030 40 00, 9030 82 00, 9031 41 00
5.	All goods for the manufacture of goods covered by S.Nos. 1 to 4 above, provided that the importer follows the procedure set out in the Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 1996.

[F.No334/1/2005- TRU]

(V. Sivasubramanian)
Deputy Secretary to the Government of India

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

Gautam Ray
Joint Secretary (TRU)
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D.O.F.No.334/1/2005-TRU
New Delhi, dated the 28th February, 2005

Dear Chief Commissioner/Commissioner,

The Finance Minister has introduced the Finance Bill, 2005 in the Lok Sabha on 28th February, 2005. Changes in excise, customs and service tax have been made through the Finance Bill [clauses 65 to 88, 116, 118 to 120 and 122 to 124] and through notification Nos. 11/2005-Customs to 25/2005-Customs, 4/2005-CE to 13/2005-CE, 11/2005-CE (NT) to 14/2005-CE (NT) and 4/2005-ST to 8/2005-ST, all dated 1st March, 2005. Details of the changes are available in the Explanatory Notes. For full details, relevant provisions of the Finance Bill, 2005 and the notifications may be referred to. Salient features of some of these proposals in respect of excise, customs and service tax are indicated below:

(I). CUSTOMS

2. Additional duty of Customs

2.1 Enabling power has been taken to levy an additional duty of customs not exceeding 4% on all items imported into India. For this purpose, section 3 of the Customs Tariff Act, 1975, has been substituted. This additional duty is being put in place to counterbalance various internal taxes like Sales Tax and VAT leviable on goods on their sale or purchase in India. To begin with, this additional duty will be charged only on imports of ITA (Information Technology Agreement) bound items and on specified inputs/raw materials, for manufacture of electronics/information technology items, which are exempted from customs duty. This duty will not be charged on information technology software. This additional duty will not be included in the assessable value for levy of education cess on imported goods. Manufacturers will be able to take credit of this additional duty for payment of excise duty on their finished products.

3. Peak rate of Duty

3.1 Peak rate of customs duty on non-agricultural goods has been reduced from 20% to 15% with a few exceptions. As regards textiles, only the ad valorem component has been reduced to 15%, the specific component, wherever applicable, remaining unchanged. The tariff rates in general are being amended accordingly. Since the reduction in tariff rates will come into effect only on enactment of the Finance Bill, 2005, the effective rates are being prescribed through notification.

4. **Metals**

4.1 Customs duty has been reduced from 15% to 10% on primary and semi-finished forms of metals, namely, Stainless steel, Ferro-alloys and other alloy steel (excluding seconds and defectives), Aluminium, Copper, Zinc, Tin and Base metals of Chapter 81.

4.2 Customs duty on lead has been reduced from 15% to 5%, on articles of lead from 20% to 10% and on battery separators from 20% to 5%.

4.3 Customs duty on Calcined Alumina has been reduced from 20% to 10%.

5. **Refractories and their inputs**

5.1 Customs duty has been reduced from 15% to 10% on refractories and graphite electrodes. Customs duty has also been reduced from 15% to 10% on raw materials for refractories, namely, natural graphite powder, aluminous cement, boron carbide, reactive alumina, silicon metal (99% purity), micro/fumed silica, brown fused alumina, fused zirconia, silicon carbide, sodium hexameta phosphate, phenolic resin, sintered/tabular alumina and fused silica.

6. **Ashes and Residues** : Customs duty has been reduced from 15% to 10% on ashes and residues of copper and zinc.

7. **Catalysts** : Customs duty has been reduced from 15% to 10% on catalysts of heading 38.15.

8. **Agriculture**

8.1 Concessional rate of 5% customs duty + Nil CVD, presently available to specified plantation machinery upto 30.4.2005, has been extended by one more year.

8.2 Customs duty on cut flowers including orchids has been increased from 30% to 60%.

8.3 Customs duty on cloves has been reduced from 70% to 35%.

8.4 Customs duty on oleo pine resin has been reduced from 10% to 5%.

8.5 Customs duty on Alpha pinene has been reduced from 15%/20% to 5%.

8.6 Customs duty on refrigerated motor vehicles for transport of goods has been reduced from 20% to 10%.

9. **Information Technology:**

9.1 Customs duty has been exempted on specified items covered under the Information Technology Agreement (ITA). With this, all 217 ITA bound items are now fully exempt from customs duty. All goods imported for the manufacture of ITA bound items have also been exempted from customs duty subject to end-use condition.

10. **Petroleum Products:**

10.1 Customs duty on crude petroleum and petroleum products has been reduced as follows:

(a) Crude petroleum from 10% to 5%;

(b) Kerosene for public distribution system from 5% to Nil;

- (c) LPG for domestic use from 5% to Nil;
- (d) Motor Spirit (Petrol) from 15% to 10%;
- (e) High Speed Diesel oil from 15% to 10%; and
- (f) Other petroleum products from 20% to 10%.

10.2 Additional duty of customs on motor spirit and high speed diesel oil has been increased from Re.1.50 per litre to Rs.2 per litre.

11. Chemicals and Petrochemicals:

11.1 Customs duty has been reduced from 15% to 10% on Polymers of Ethylene, Polypropylene and Propylene copolymers, Polymers and copolymers of Styrene and Polymers of Vinyl Chloride;

11.2 Customs duty has been reduced on Ethylene, Propylene, Butylene, Butadiene, Benzene, Toluene, O-Xylene, Styrene, Ethylbenzene, Ethylene Dichloride, Vinyl Chloride Monomer and Acrylonitrile, from 10% to 5%.

11.3 Customs duty on other organic chemicals falling under headings 2901 to 2904, has been reduced to 10%.

11.4 Customs duty on Ethyl Vinyl Acetate has been reduced from 20% to 10%.

11.5 Customs duty on molasses has been reduced from 15% to 10%.

11.6 Customs duty on industrial (denatured) ethyl alcohol has been reduced from 15% to 10%.

12. Capital Goods:

12.1 Customs duty of 5% on mono or bi-polar membrane electrolysers and parts thereof presently available to caustic soda industry, has been extended to caustic potash industry.

12.2 Customs duty on railway locomotives, railway rolling stock and railway equipment and their parts (of chapter 86) has been reduced from 20% to 10%.

12.3 Concessional rate of customs duty of 5% presently available to specified goods designed for use in leather/footwear industry has been extended to 7 more specified machinery.

12.4 Customs duty on specified parts of printing presses has been reduced from 20% to 10%.

12.5 Customs duty on specified textile machinery, and raw materials and parts for manufacture of such machinery, has been reduced from 20% to 10%.

12.6 The concessional rate of 5% on specified textile machinery and parts is being extended beyond 28th day of February, 2005.

12.7 Customs duty on specified machinery/equipment for use in Inland Container Depot (ICD)/Container Freight Station (CFS) has been reduced from 20% to 10%.

12.8 Customs duty exemption for specified inputs for manufacture of leather goods, travel goods, footwear, etc. for export has been extended to some more items, subject to the existing 3% overall value limit.

13. **National Calamity Contingent Duty (NCCD)**: For replenishment of the National Calamity Contingent Fund, duty of Rs. 50 per metric tonne on imported crude oil, and a duty of 1% on polyester filament yarn, motor cars, multiutility vehicles, and two-wheelers, was imposed in Finance Act 2003. This levy, which is valid upto 31.3.2005 is being extended without any time limit.

14. **Baggage**: Customs duty on passenger baggage has been reduced from 40% to 35%.

15. **Miscellaneous**: Customs duty has been reduced on:

- 1) Second hand motor cars/motor cycles from 105% to 100%.
- 2) Coking coal of high ash content (12% or more) from 15% to 5%.
- 3) Boron ore from 15% to 5%.
- 4) Atmospheric Water Generators from 20% to 5%.
- 5) Specified parts of battery operated road vehicles from 20% to 10%.

II. **CENTRAL EXCISE**

16. **Additional duty of excise on Pan Masala and Specified tobacco products:**

16.1 An additional duty of excise, by way of surcharge, has been levied on pan masala and certain specified tobacco products (Clause 85 of the Finance Bill, 2005). The surcharge will be levied at prescribed specific rates on cigarettes, and at specified ad valorem rates on other tobacco products. Units in North Eastern Region will also attract this surcharge. This surcharge will not apply to biris and cigarettes made of tobacco substitutes.

17. **Imposition and Increase in Duty**

17.1 Excise duty of 8% with CENVAT credit has been imposed on mosaic tiles.

17.2 Excise duty on molasses has been increased from Rs.500 per metric tonne to Rs.1000 per metric tonne.

17.3 Excise duty on cement clinkers has been increased from Rs.250 per metric tonne to Rs.350 per metric tonne.

17.4 Excise duty has been raised on iron and steel and on ships for breaking up, from 12% to 16%.

17.5 Excise duty of 16% has been imposed on road tractors (of engine capacity exceeding 1800 cc) for semi trailers.

18. **Branded articles of jewellery**

18.1 A duty of 2% is being imposed on branded articles of jewellery of heading 7113 of the Central Excise Tariff. The duty will be leviable only if the brand name or the trade name is

indelibly affixed or embossed on the article of jewellery itself. The process of such fixing or embossing the brand name has been deemed to amount to 'manufacture' by a Chapter Note.

18.2 Whether a particular article of jewellery is branded or not is a matter of fact and has to be decided by the field formations in the light of all relevant facts. The brand name for the purposes of this levy will mean a brand name or trade name, whether registered or not, that is to say a name or a mark, such as symbol, monogram, label, signature or invented word or any writing which is used in relation to a product for the purpose of indicating, or so as to indicate, a connection in the course of trade between the product and some person using such name or mark with or without any indication of the identity of that person. There are various judicial pronouncements as to what constitutes a brand name or trade name. In this context your attention in particular is invited to the decision of Supreme Court in the case of Astra Pharmaceuticals vs. Collector of Central Excise, Chandigarh {1975(75)ELT 214(SC)}.

19. Proposal for recovery of credit of AED(GSI) paid prior to 1st April, 2000, which was utilized for payment of CENVAT duty

19.1 In the Finance (No.2) Act, 2004, a provision was made {vide section 88 read with the Second Schedule of the said Act} to restrict utilization of credit of Additional Duty of Excise (Goods of Special Importance) Act i.e. AED (GSI) paid prior to 1st April, 2000. With this amendment, the credit of AED(GSI) paid on or after the said date alone is available for utilization towards payment of CENVAT duty. Suitable amendment is being made to section 88 of the Finance (No.2) Act, 2004, so as to provide how the credit of AED(GSI) along with interest payable should be realised. For details, kindly refer to the relevant provisions of the Finance Bill, 2005. Briefly, the salient features are as under:

- (a) A manufacturer who is required to reverse the credit would be allowed to do so, in not more than 36 equated monthly instalments (EMIs). For this purpose, the amount of credit wrongly availed and the interest thereon shall be determined by the jurisdictional officer in the following manner,-
 - (i) The Central Excise Officer would, by the 25th May 2005, serve notice on the assessee asking him to declare the amount of the CENVAT credit wrongly availed.
 - (ii) The assessee is required to furnish the details by the 31st May 2005 failing which he would be debarred from the scheme, and the credit and interest would be recovered in the manner, as existed prior to this amendment.
 - (iii) The interest payable would be @ 13% for the period between each date of utilization of wrongly availed credit and 10th September 2004. It has been deemed that the wrongly availed credit has been utilized first before utilizing the credit of AED (GSI) paid after 1st April 2000.

- (iv) The Central Excise Officer would determine the total credit with interest, and inform the assessee, in writing, the EMI with bifurcation of amounts of credit and the interest, by 15th June 2005.

For example, for assessee 'A',

- (a) if the total credit availed of AED (GSI) availed prior to 01.04.2000 =Rs. 10 crores; and
 (b) if the interest calculated as per above method is =Rs. 1.2 crores.

Then the total dues would be Rs.10 crores + Rs. 1.2 crores= Rs. 11.2 crores and the EMI would be Rs.11.2/36= Rs. 31.11 lakhs (Rs.27.77 lakhs credit +Rs.3.34 lakhs interest)

- (v) The payment of monthly instalments would commence from the month following the month of the determination. The date of payment would be the same as the due date for paying excise duty i.e. 5th of a month.
 (vi) An assessee can pay up the entire dues or a part thereof, before the due dates. Non-payment of any instalment resulting in any arrears would debar him from the scheme prospectively.
 (vii) After all the EMIs have been paid, an order shall be issued closing the proceedings.

19.2 The assessee is however free to give all the above details even before the due date of 31st May 2005, and can make advance payments, if they so desire.

19.3 Keeping in view the time-bound nature of the provisions, the field formations are requested to take necessary preparatory steps much before the enactment of the Finance Bill, 2005. The concerned assessee may be suitably informed about the above procedure immediately so as to enable them to meet the above requirements well in time.

20. Refined edible oils – Introduction of a Chapter Note with retrospective effect

20.1 Refined edible oils are chargeable to excise duty under Chapter 15 of the Central Excise Tariff. However, the Supreme Court in its judgement in the case of M/s. Shyam Oil Cake Ltd. V/s. Collector of Central Excise, Jaipur{2004 (174) E.L.T. 145(SC)} has decided that in the absence of section note or chapter note, refining or processing of edible vegetable oils does not amount to manufacture. A suitable Note is now being introduced in Chapter 15 so as to provide that in relation to edible oils, the process of refining will amount to manufacture. This chapter note is proposed to be made effective from 1st March, 1986.

20.2 As regards clearances from 1st March, 2005, it may be noted that even though this process of refining has been specifically deemed to be manufacturing process, no excise duty is required to be paid since refined edible oils have been exempted from excise duty.

21. Amendment to notification No.88/88-CE dated 1.3.1988

21.1 Notification No.88/88-CE dated 1.3.1988 exempts, inter-alia, specified goods manufactured in rural areas by registered co-operative societies, or by women's societies, or by institutions recognized by the Khadi and Village Industries Commission or the State Khadi and Village Industries Boards or by units run with the cash assistance from District Rural Development Agencies {under the Integrated Rural Development Programme(IRDP)}. At present, rural area for the purpose of this notification is defined as having the same meaning assigned to it in clause (ff) of Section 2 of the Khadi and Village Industries Act, 1956.

21.2 Amendment to notification No. 88/88-CE is proposed so as to provide that this definition of 'rural area' will also be applicable from 21st February, 2000 to 28th February, 2003. This has been done by replacing clause (a) of the Explanation during the period 21.2.2000 to 28.2.2003. Show cause notices, if any, issued in this context will have to be decided in the light of the above amendments.

22. Relief Measures:

22.1 Excise duty of Re. 1 per kg. on refined edible oils and Rs.1.25 per Kg. on vanaspati, bakery shortening and inter-esterfied, re-esterfied, elaidnised fats, has been exempted.

22.2 Tea and tea waste have been exempted from additional duty of excise of Re. 1 per kg.

22.3 Excise duty has been reduced from 24% to 16% on air conditioners.

22.4 Excise duty has been reduced from 24% to 16% on tyres, tubes and flaps.

22.5 Excise duty has been reduced from 16% to 12% (with Cenvat credit) on matches made by mechanized and semi-mechanized sectors.

22.6 Excise duty on imitation jewellery has been reduced from 16% to 8%.

22.7 Excise duty has been reduced from 16% to 8% on cakes and pastries.

22.8 Parts manufactured and used captively for production of power tillers (of heading No. 84.32) have been exempted from excise duty.

22.9 Excise duty on electronic milk fat and solid non-fat tester has been reduced from 16% to 8%.

23. Textiles:

23.1 Excise duty on polyester filament yarn (PFY), including polyester textured yarns has been reduced from 24% to 16%.

23.2 Optional duty has been prescribed for processed filament yarns (including polyester filament yarn) manufactured from yarn procured from outside by independent processors. Such yarn would either attract Nil excise duty without availment of Cenvat credit or pay 8% excise duty with Cenvat credit.

23.3 Exemption from excise duty on specified textile machinery is being continued beyond 28.2.2005.

24. Small Scale Industry:

24.1 The value of clearances in the preceding financial year, for determining eligibility for the exemption, is being increased from Rs.3 crore to Rs. 4 crore.

24.2 Exemption scheme, which provides for a concessional rate of 60% of normal rate with Cenvat credit upto clearances of Rs. 1 crore (notification No. 9/2003-CE), is being withdrawn.

These changes will come into effect from 1st April, 2005.

25. Petroleum:

25.1 Basic excise duty rates on certain petroleum products have been revised as under:

		From	To
(a)	Petrol	23%	8% +Rs.5.00/litre
(b)	Diesel	8%	8% +Rs.1.25/litre
(c)	Kerosene for public distribution	12%	Nil
(d)	LPG for domestic use	8%	Nil
(e)	Light Diesel Oil	16% +Rs.1.50/litre	16% +Rs.2.50/litre

25.2 Additional duty of excise on motor spirit and high speed diesel oil has been increased from Re.1.50 per litre to Rs.2 per litre.

25.3 There is no change in special additional excise duty of Rs.6.00 per litre on motor spirit.

26. National Calamity Contingent Duty (NCCD): NCCD was imposed on following items by the Finance Act 2003:

- 1) 1% on polyester filament yarn, motor cars, multiutility vehicles, and two-wheelers;
- 2) Rs.50 per metric tonne on domestic crude oil.

This levy, which was valid upto 31.3.2005, has been extended without any time limit.

27. Retail Sale Price (RSP) based assessment: Abatement from retail price for levy of excise duty on air conditioners has been reduced from 35% to 30%, consequent to reduction in excise duty from 24% to 16%.

28. Central Excise Tariff (Amendment) Act, 2005

As you would be aware, the Central Excise Tariff (Amendment) Act, 2005 has been brought into effect from 28th February, 2005. The new 8 digit tariff replaces the earlier 6 digit tariff. To ensure that the existing rates by notification are continued, and are not denied merely on the ground of change in chapter, heading, sub heading, 3 notifications No. 5/2005-CE (NT), 6/2005-CE(NT) and 7/2005-CE(NT) all dated 24th February, 2005 effective from 28.2.2005 have been issued in this regard. Another notification No.3/2005-CE dated 24.2.2005 was also issued effective from 28.2.2005 to continue the existing rates for specified goods, for which the exemptions were built in the tariff but not in the amended tariff schedule.

29. **Amendments in Customs and Central Excise Act and Rules:**

- 1) Rule 57CC, Rule 57AD of the Central Excise Rules and Rule 6 of the CENVAT Credit Rules are being amended retrospectively to provide a mechanism for recovery of amount due from a manufacturer when he is required to pay an amount of 8% or 10%, on his exempted clearances because of his failure to maintain separate account for common inputs used in both exempted and dutiable products. It is proposed to give retrospective effect to this provision with effect from 1st August, 1996.
- 2) Sections 128 and 157 and the Fourth Schedule of Finance Act, 2003 are being omitted consequent to exemption from the additional duty on tea.
- 3) Section 5A of the Central Excise Act, is being amended so as to provide that if any excisable good is exempted from duty of excise absolutely, the manufacturer of such goods will be bound to avail of the exemption.
- 4) Section 23A of the Central Excise Act is being amended so as to allow an existing Joint Venture in India to avail of the benefit of Advance Ruling. The Central Government is also being empowered to notify any class or category of persons as eligible for availing of the benefit of Advance Ruling.
- 5) Section 32PA of the Central Excise Act, 1944 is being amended so as to make a provision for sending back a case by the Settlement Commission to the Tribunal in the event of non-cooperation by the applicant.
- 6) The power of the Central Board of Excise and Customs (CBEC) to review orders passed by Commissioner of Central Excise is being vested in a Committee of two Chief Commissioners as may be notified by the CBEC. Similarly, the power of the Commissioner to review the orders of Commissioner (Appeal) is being vested in a Committee of two Chief Commissioners of Central Excise. For this purpose suitable amendments are being made in sections 35A, 35B and 35E of the Central Excise Act.
- 7) CENVAT Credit rules have been amended so as to provide that credit of Additional excise duty (by way of surcharge) on pan masala and specified tobacco products would be available for utilization of payment of this Additional excise duty only. Credit of no other duty can be utilized for paying this Additional excise duty.
- 8) The Schedule under the Additional Duties of Excise (Goods of Special Importance) Act, 1957 is being amended so as to align the entries with the new Excise Schedule introduced in the Central Excise Tariff (Amendment) Act, 2005.
- 9) The Schedule under the Additional Duties of Excise (Textiles and Textile Articles) Act, 1978 is being amended so as to align the entries with the new Excise Schedule introduced by the Central Excise Tariff (Amendment) Act, 2005.

- 10) The Third Schedule under the Central Excise Act, 1944 is being amended so as to align the entries with the new Excise Schedule introduced by the Central Excise Tariff (Amendment) Act, 2005.
- 11) The Seventh Schedule under the Finance Act, 2001 is being amended so as to align the entries with the new Excise Schedule introduced by the Central Excise Tariff (Amendment) Act, 2005.
- 12) Sections 28E and 28H of the Customs Act, 1962 are being amended so as to provide that advance ruling may also be sought in respect of determination of Rules of Origin of goods and matters relating thereto. It is also proposed to allow an existing Joint Venture in India to avail the benefit of Advance Ruling. The Central Government is also being empowered to notify any class or category of persons as eligible for availing of the benefit of Advance Ruling.
- 13) Section 28F of the Customs Act, 1962, is being amended so as to rename "Authority for Advance Ruling" as "Authority for Advance Ruling (Customs, Central Excise and Service Tax)".
- 14) Section 127MA of the Customs Act, 1962 is being amended so as to make a provision for sending back a case by the Settlement Commission to the Tribunal in the event of non-cooperation by the applicant.
- 15) The power of the Central Board of Excise and Customs (CBEC) to review orders passed by Commissioner of Customs is being vested in a Committee of two Chief Commissioners as may be notified by the CBEC. Similarly, the power of the Commissioner to review the orders of Commissioner (Appeal) is being vested in a Committee of two Chief Commissioners of Customs. For this purpose suitable amendments are being made in section 128A, 129A and 129D of the Customs Act.

III. SERVICE TAX

30.1 Significant changes are being proposed in number of provisions of the Finance Act, 1994 relating to service tax. Levy on a number of new services and expansion in the scope of the existing services are also being proposed. Changes have also been proposed in Service Tax Rules relating to certain procedures. The procedural changes will come into effect either from 1.3.2005 or from 1.4.2005. Certain changes relating to the Finance Act will come into effect from a date to be notified after enactment of the Finance Bill. Officers are requested to carefully study the changes and their effective dates of implementation. The major changes are as follows:

- (a) Small taxable service providers will be exempt from service tax upto a turnover limit of Rs. 4 lakhs in a year, provided the value of taxable services did not exceed Rs. 4 lakhs in the previous year. This provision will come into effect from 1.4.2005. However, benefit

of this exemption will not be applicable wherever service tax is payable by a person other than the service provider.

(b) **Service tax @ 10% is being imposed on the following services:**

- 1) Transport of goods through pipeline or other conduit.
- 2) Site preparation and clearance, excavation, earth moving and demolition services, other than those provided to agriculture, irrigation and watershed development.
- 3) Dredging services of rivers, ports, harbours, backwater and estuaries.
- 4) Survey and map making other than by Government Departments.
- 5) Cleaning services other than in relation to agriculture, horticulture, animal husbandry or dairying.
- 6) Membership of Clubs or Associations (religious forum, political organizations will be excluded).
- 7) Packaging services.
- 8) Mailing list compilation and mailing; and
- 9) Construction of residential complexes having more than twelve residential houses or apartments together with common areas and other appurtenances.

These services will be leviable to service tax only from the date to be notified after the enactment of the Finance Bill, 2005.

(c) **Scope of certain existing services is being extended as follows:**

- (1) Commercial or industrial construction service to:
 - (i) include renovation of such building or civil structure.
 - (ii) include post construction completion and finishing services for such building or civil structure.
 - (iii) include construction, repair, alteration, renovation or restoration of pipeline or conduits.
- (2) Erection, commissioning or installation services to include specified installation services.
- (3) Maintenance or repair services to include:
 - (i) maintenance or management of immovable properties.
 - (ii) maintenance or repair including reconditioning or restoration undertaken as part of any contract or agreement.
- (4) Broadcasting services to include charges recovered by broadcasting agencies from multisystem operator (MSO) and provision of direct to home (DTH) signals to the customers.
- (5) Sound recording to include recording of sound on any media and includes post production services such as sound mixing or re-mixing.

- (6) Video-tape production to include recording of any programme, event or function on any media and includes post production services.
- (7) Taxable services provided by authorised service station to include reconditioning or restoration of motor-cars, two-wheeled and light motor vehicles.
- (8) Beauty parlours Service to include all services provided by beauty parlours.
- (9) Manpower recruitment service to include supply of manpower, temporary or otherwise.
- (10) The franchisee service to cover all agreements by which, the franchisor grants representational rights to franchisee to sell or manufacture goods or provide services identified with the franchisor.
- (11) Business Auxiliary Service to include production or processing of goods for or on behalf of the client.
- (12) Out door catering service, to include catering from a place or premises provided, by way of tenancy or otherwise, by the person receiving such services.

Service tax is leviable on these expanded services only from the date to be notified after the enactment of the Finance Bill, 2005.

(d) **Amendments in Act and Rules**

- 1) Section 65(105) of Finance Act, 1994 is being amended to include within the scope of taxable services "taxable service to be provided" and to clarify that services provided from outside India to a recipient in India is also treated as 'taxable services provided in India'.
- 2) Section 67 of Finance Act, 1994 is being amended to facilitate payment of service tax as soon as payment for the taxable services is received. By this amendment, payment received before, during or after the provision of taxable service would form part of the gross amount for charging service tax.
- 3) Sections 69 and 70 of Finance Act, 1994 are being amended to enable person other than the service tax payer for registration and filing of returns e.g. certain category of small service providers, and input service distributors within the exemption limit.
- 4) Section 73 of Finance Act, 1994 is being amended to facilitate issue of show cause notice and adjudication of cases by all central excise officers.
- 5) Section 74 of Finance Act, 1994 is being amended to facilitate rectification of mistakes of orders passed by officers subordinate to Commissioner of Central Excise.
- 6) Section 78 of Finance Act, 1994 is being amended to facilitate voluntary payment relating to orders passed by officers of Central Excise.

- 7) Section 84 of Finance Act, 1994 is being amended to enable revision of orders passed by officers subordinate to Commissioner of Central Excise.
- 8) Sections 85 and 86 of Finance Act, 1994 are being amended to provide filing of appeal against the orders passed by the central excise officers.
- 9) A new Section 83A is being inserted similar to that of Section 33 of Central Excise Act to provide power of adjudication.
- 10) Adjudication procedure prescribed under Section 33A of Central Excise Act is adopted for the purpose of service tax matters also.
- 11) Section 96A of Finance Act, 1994 is being amended to allow any existing joint venture in India to avail the benefit of advance ruling and empowering the Central Government to notify any class or category of persons to avail the benefit of advance ruling.
- 12) Rule 2 is amended to shift the liability to pay service tax from mutual fund distributor or agent to mutual funds.
- 13) Rule 4 is amended to facilitate more than one registration by a person having centralized account and billing system.
- 14) Rule 4A(1) prescribes the requirement of issue of invoice within 14 days from date of completion of provision of service of receipt of payment.
- 15) Rule 6 changes the due date for payment of service tax from 25th of the following month or quarter to 5th of the following month or quarter.

31. **General**

31.1 Commissioners of Central Excise, Customs and Service Tax may study these changes carefully and indicate their views, comments and suggestions on implementation of the proposed changes. A survey may be undertaken to identify the potential tax payers and the revenue potential. Reports to this effect may be sent by 15.3.2005 and 31.3.2005. It is necessary to ensure that the implementation of the proposed changes is smooth and causes no inconvenience to the tax payers. Special efforts should be made to guide the tax payers to understand and adopt these changes. The Departmental Officers should also be appropriately briefed on these changes.

31.2 In a number of cases, excise duty rates have been altered. It has been decided to collect data on the price behaviour and revenue implications. The information about the prices may kindly be supplied in the proforma at Annexure-I to this letter. You may kindly ensure that the information furnished is accurate since reliance will be placed on this data at the time of discussion of the Finance Bill in Parliament. The first report in this regard may be sent by 15th March, 2005 and subsequently at an interval of 15 days.

31.3 In the Explanatory Notes, we have asked for special reports in few cases. They may kindly be arranged to be sent on time after careful scrutiny.

31.4 All rate changes in customs and excise duties are explained in the Explanatory Notes. You would appreciate that number of changes have been carried out through amendments in notifications, rules and Acts. Though every care has been taken to reflect the intention of the Government clearly in all these documents, the chances of human error cannot be ruled out. I would, therefore, request you to kindly go through the explanatory notes, notifications and Finance Bill carefully and bring to our notice at the earliest any omission/error that might have crept in. If there is any doubt or difficulty on any point, you are requested to bring it immediately to my notice or to the notice of Shri R. Sekar, Joint Secretary (TRU-II) (Tel No.23093027), Shri Alok Shukla, Director, TRU (Tel No.23092753) or Shri V. Sivasubramanian, Deputy Secretary, TRU (Tel No. 23092236). Copies of the FM's speech, notifications, Finance Bill etc, are forwarded herewith. These will also be available on the department's website soon after the conclusion of FM's speech.

With regards,

Yours sincerely,

(Gautam Ray)

To

All Chief Commissioners/Director Generals/
Commissioners of Customs, Central Excise and Service Tax

Annexure-I

PRICE DATA
Report for the period
Commodity
Chapter No.

Date	Description of Goods	Heading/sub-heading No.	Ex-factory Price(Rs.)	Excise Duty paid	Wholesale price inclusive of all taxes (Rs.)	Retail price	Remarks
28.2.2005							
15.3.2005							
31.3.2005							
15.4.2005							
30.4.2005							

Notes:

1. Description should be specific and should indicate the brand name and unit of sale, e.g. 'X' brand refined oil – weight 'Y' grams. Subsequent report should refer to this brand name only. New brands, if any, can be added in any subsequent report by mentioning similar details.
2. Information should be confined to goods manufactured in the jurisdiction of the Commissionerate. Retail price should be obtained from market survey along with printed retail price list, if any.
3. In remarks column, kindly indicate in broad terms the average percentage of input duty which would be available as credit.
4. First report should give the position as on 28.2.20035 and should be sent so as to reach latest by 8.3.2005. Subsequent report should give the position as on 15.3.2005, 31.3.2005, 15.4.2005 & 30.4.2005 and should reach within 5 days after the expiry of the specified date.
5. While submitting the reports for the period subsequent to 15.3.2005, the detail submitted in the earlier reports may kindly be repeated. To illustrate, while submitting the reports for the period ending on, say, 31.3.2005, the details given in the report for 15.3.2005 should also be repeated.
6. Copy of the reports meant for TRU should be sent by name to Shri D.K.Pandey, Under Secretary, Tax Research Unit, R.No.146, North Block, and New Delhi-110001.
7. Reports should be in respect of items specified below:-
 - (i) Air Conditioners
 - (ii) Tyres, tubes and flaps
 - (iii) Refined edible oils
 - (iv) Vanaspati
 - (v) Tea
 - (vi) Iron and steel
 - (vii) Molasses
 - (viii) Polyester filament yarn
 - (ix) Petrol
 - (x) Diesel
 - (xi) Matches



OFFICE OF THE ZONAL DEVELOPMENT COMMISSIONER
MANIKANCHAN SPECIAL ECONOMIC ZONE
MINISTRY OF COMMERCE AND INDUSTRY
DEPARTMENT OF COMMERCE, GOVERNMENT OF INDIA
Sector-V, Block-CN, Plot-1, Salt Lake City, Kolkata-700091
Phone No.2367-4861, 2367-4967, 2367-5087, Fax-2367-4860

No. MKSEZ/LIC/S-7/2005/165

Date:- 30.04.2024

ORDER-IN-ORIGINAL

WHEREAS, M/s. Senco Gold Limited (hereinafter referred as Unit), having their registered office at 170/2, Bipin Behari Ganguly Street, Kolkata-700012, had been permitted vide Letter of Approval No. MKSEZ/LIC/S-7/05/33-39 dated 28.04.2005 (hereinafter referred as LOA) for manufacture and export of 'Plain & Studded Gold and Platinum Jewellery (ITC-HS Code- 7113)' from Manikanchan Special Economic Zone, Kolkata, West Bengal, and the LOA is valid till 11.07.2025.

WHEREAS, the Unit remained non functional since FY 2018-19, and therefore 169th Unit Approval Committee in its meeting dated 08.11.2023 Show Caused the Unit as to why their LOA should not be cancelled under Section 16 of the Special Economic Zone Act, 2005 for such non performance, and accordingly the Show Cause Notice bearing no. MKSEZ/LIC/S-7/05/33 was issued to the Unit on 01.12.2023.

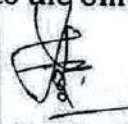
WHEREAS, the Unit replied to the Show Cause Notice vide letter no. NIL dated 11.01.2024, wherein the Unit stated that, they had issue with the developer M/s West Bengal Industrial Development Corporation regarding their name change and for that they remained non functional for one and half year, and thereafter, Covid 19 pandemic happened, and this back to back impacts forced them to deploy their all staffs and equipments to a separate location and as a result their SEZ unit remained inoperative for about four years. Now, they have again established their entire set up in Manikanchan Special Economic Zone and are ready for resuming operations. Unit further stated that, they are the biggest jewelry chain in Eastern India with annual turnover of over Rs 5000 crores and their exports form around 5%-7% of their total revenue.

WHEREAS, reply of the Unit was considered by the 174th Unit Approval Committee in its meeting dated 27.02.2024.

WHEREAS, the 174th Unit Approval Committee viewed that the causes as stated by the Unit for being inoperative are genuine and valid. The Committee also observed that the Unit had cumulative positive Net Foreign Exchange earnings in the last five years block ended in FY 2021-22. Committee therefore viewed that no contravention of the LOA terms and conditions has been made by the Unit, and so decided to rescind the Show Cause Notice, with an advice to Unit to resume operations by March 2024.

-2-

THEREFORE, pursuant to the decision of 174th Unit Approval Committee, the Show Cause Notice bearing no. MKSEZ/LIC/S-7/05/33 dated 01.12.2023 issued to the Unit M/s. Senco Gold Limited is hereby withdrawn.



(Deen Bandhu Singh)
Zonal Development Commissioner

To

The Director,
M/s. Senco Gold Limited,
"Diamond Prestige", 41A, A.J.C. Bose Road,
10th Floor, Kolkata-700017
Email:-contactus@sencogold.co.in

Copy to : Specified Officer, Manikanchan Special Economic Zone, Kolkata.



जारी किया / ISSUED
हस्ताक्षर / SIGNATURE *Deen Bandhu Singh*
दिनांक / DATE 30/04/24

112

E-89370

Date : 11.01.2024



SENCO™
GOLD & DIAMONDS
Craftsmanship for you

To,

The Officer,
Office of the Development Commissioner,
Manikanchan Special Economic Zone,
Ministry of Commerce And Industry
Department of Commerce, Government of India
Sector - V, Block CN, Plot-1, Salt Lake City, Kolkata-700091

M 1611

M(1/5R)

Ref : Your Showcause Notice ref. No. MKSEZ/LIC/S-7/2005/1036 Dt. 01.12.2023,

Our LOP NO. MSEZ/LIC/S-7/2005/33 Dt. 28.04.2005.

Sub : Response to Show Cause Notice for Non-Exporting from Special Economic Zone, Manikanchan

Dear Sir / Madam,

We, Senco Gold Ltd, registered office address at 41A, A.J.C Bose Road, 10th Floor, Diamond Prestige Building, Kolkata - 700017 held the LOA No. MKSEZ/LIC/S-7/05/33-39 DTD. 28.04.2005.

With reference to your Show-Cause letter No. MKSEZ/LIC/S-7/2005/1036 dated 01.12.2023, where you state your concern on our non-exporting activity from our SEZ unit.

Hereby we would cover all the queries point wise, but before that, we would like to state a little glimpses on our working method and business volume. We, Senco Gold Limited, the biggest retail jewellery chain in Eastern India with annual turn over of Rs. over 5000 Crore. We are mainly domestic jewellery retail chain and our Export turnover is around 5%-7% of our total revenue. However, we always get orders from our overseas customer a lot, but due to keeping focus on domestic sell, we were very selective to do export proceeds. However, once our overseas stores became operative, we have to excel our export volume to supply and we are expecting almost 500 crore revenue in export from next year.

Our SEZ unit will be the key unit for our plan. As you are aware that due to WBIDC name change permission and Covid situation impact back to back forced us to deploy all our staffs and equipments to separate location and SEZ unit was got inoperative for 4 years. Now, we are getting ready to reestablish the premises that can be procure ready jewellery for export.



Senco Gold Limited

CIN No. : U36911WB1994PLC064637

Registered & Corporate Office : "Diamond Prestige", 41A, A.J.C. Bose Road,
10th Floor, Kolkata-700 017, Phone : 033 4021 5000 / 5004, Fax No. : 033-4021 5025

Email : contactus@sencogold.co.in Website : www.sencogoldanddiamonds.com

On your show cause related to non operation till date, we shall like to state follows :

As mentioned earlier, we have had an issue for name change with WBIDC and for that our SEZ unit got non operative for one and half year and when the solution took place, sudden Covid 19 situation arises. After recovering from that situation it was found that renewal is due. Finally, we got renewal of our LOA last year and immediately started renovation. The process is almost completed, and the premises is ready now. We are happy to show the progress if any officer would like to visit our unit.

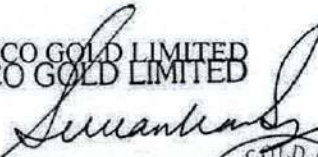
Our recruitment and allotment of staffs also been done and hopefully from next month we can start production for our SEZ unit. In this regard, we like to mention that as stated we have huge market of domestic retail shop and for this purpose we have to make jewellery for our domestic customer as well. Few types of work like polishing, chilai etc. are being done at common places with common equipment. We have requested to the authority to consider us for few months and allow us to do job work with semi finished goods into final product. However the same request has been rejected due to non operation of last year. We were requested to consider the same as special case as non operation is not due to our fault but no fruitful solution received. Therefore, we have no option other than establish the entire set up in SEZ unit itself that from Gold Bar to ready jewellery can be done in same place. This is the main reason for the delay that maintaining same set up at two different units is not cost efficient. However, at current situation, we have no option other than arranging full set up in our SEZ only. Though it is taking little excess time than expected. We urge you to consider our situation and allow us a little time to start operation in full fledged.

Looking for your support & kind co-operation.

Thanks & regards,

For

SENCO GOLD LIMITED
 SENCO GOLD LIMITED


 Authorised Signatory

Authorized Signatory



Senco Gold Limited

CIN No. : U36911WB1994PLC064637

Registered & Corporate Office : "Diamond Prestige", 41A, A.J.C. Bose Road,
 10th Floor, Kolkata-700 017, Phone : 033 4021 5000 / 5004, Fax No. : 033-4021 5025

Email : contactus@sencogold.co.in Website : www.sencogoldanddiamonds.com

OFFICE OF THE DEVELOPMENT COMMISSIONER
MANIKANCHAN SPECIAL ECONOMIC ZONE
MINISTRY OF COMMERCE AND INDUSTRY
DEPARTMENT OF COMMERCE, GOVERNMENT OF INDIA
Sector-V, Block-CN, Plot-1, Salt Lake City, Kolkata-700091
Phone No.2367-4861, 2367-4967, 2367-5087, Fax-2367-4860

No. MKSEZ/LIC/S-7/2005/1036

Date:-01.12.2023

SHOW CAUSE NOTICE

Subject- Show-cause-Notice for non-performance- regarding.

WHEREAS, M/s. Senco Gold Limited (hereinafter referred as Unit), having their registered office at 170/2, Bipin Behari Ganguly Street, Kolkata-700012, had been permitted vide Letter of Approval No. MKSEZ/LIC/S-7/05/33-39 dated 28.04.2005 (hereinafter referred as LOA) for manufacture and export of 'Plain & Studded Gold and Platinum Jewellery (ITC-HS Code- 7113)' from Manikanchan Special Economic Zone, Kolkata, West Bengal.

WHEREAS, the LOA was initially in the name of M/s Senco Gold Museum, and the name was changed from M/s Senco Gold Museum to M/s Senco Gold Impex Private Limited on 08.06.2005, and again changed from M/s Senco Gold Impex Private Limited to M/s Senco Gold Limited on 07.10.2014.

WHEREAS, the Unit executed Bond cum Legal Undertaking (hereinafter referred as BLUT) No. MKSEZ/B-LUT/016/2006-07 on 30.03.2007 of a value of Rupees Three Crores, and thereafter executed a fresh BLUT No. MKSEZ/B-LUT/S-7/01/2023-24 on 11.04.2023 for a value of Rupees Ninety Crores.

WHEREAS, the unit commenced its production from Manikanchan Special Economic Zone on 12.07.2007.

WHEREAS, the LOA is valid as on date and its validity expires on 11.07.2025.

WHEREAS, in terms of provisions of the LOA, the unit is required to achieve positive Net Foreign Exchange (NFE) as prescribed in SEZ Rules, 2006, and the LOA is liable to be cancelled if the unit fails to comply with the condition stipulated in the LOA. And, as per the provisions of BLUT, the unit shall be liable for penal action under the provisions of the Foreign Trade (Development and Regulation) Act, 1992, if the unit fails to fulfill the conditions stipulated in the Letter of Permission and fails to achieve positive Net Foreign Exchange Earning.

WHEREAS, performance of the Unit was monitored by the Unit Approval Committee in its 169th meeting held on 08.11.2023 as per provisions of Rule 54 of SEZ Rules, 2006, and it was noted that the unit is not performing any activity since FY 2018-19 which tantamount to gross contravention of the provisions of the LOA and SEZ Acts & Rules, and accordingly the Committee decided to show cause the Unit as to why the LOA should not be cancelled under section 16 of SEZ Act, 2005 and penalty should not be imposed under the provisions of the

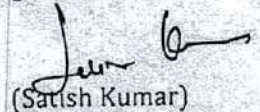
Foreign Trade (Development and Regulation) Act, 1992 for contravention of SEZ Acts and Rules.

THEREFORE, pursuant to the decision of the 169th Unit Approval Committee, the Unit is hereby asked to Show Cause as to why the Letter of Approval No. MKSEZ/LIC/S-7/05/33-39 dated 28.04.2005 should not be cancelled under Section 16 of SEZ Act, 2005 and penalty should not be imposed under the provisions of Foreign Trade (Development and Regulation) Act, 1992 for contravention of SEZ Act and Rules.

Whereas, the unit may submit their written reply within 30 days from the date of issue of this notice and if they may wish to be personal hearing, they may say so within this period after prior appointment with the undersigned, failing which action as deemed fit may be taken ex-parte on the basis of records available before this office.

Whereas, it may please be noted that these are quasi-judicial proceedings and therefore, personal hearing will be allowed only to the Directors, if they are not in a position to appear for sufficient and valid reasons, they may depute an employee of the firm or any other functionary directly connected with their concern, who has intimate knowledge and full facts of the case. They may, if they so desire, also be represented by a practicing advocate. Such employee/functionary/practicing advocate should submit their forwarding letter and special power of attorney on stamp paper duly executed in his favour authorizing him to appear in these particular proceedings and statement/submissions/depositions made will be legally binding upon the firm/concern.

This issues without prejudice to any other actions that may be taken against the said firm under any other Rules/Law in force.

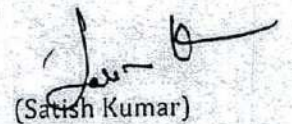

(Satish Kumar)

Zonal Development Commissioner
Falta Special Economic Zone

To

1. Director,
M/s. Senco Gold Limited,
"Diamond Prestige", 41A, A.J.C. Bose Road,
10th Floor, Kolkata-700017
Email:-contactus@sencogold.co.in

2. Specified Officer, Manikanchan SEZ, Kolkata.


(Satish Kumar)

Zonal Development Commissioner

