

The Special Economic Zones Rules, 2003

UNION OF INDIA

India

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Rule THE-SPECIAL-ECONOMIC-ZONES-RULES-2003 of 2003

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1641.

G.S.R. 570(E), dated 22.7.2003. - In exercise of the powers conferred by sub-section (1) of section 156 read with Chapter X-A of the Customs Act, 1962 (52 of 1962), the Central Government hereby makes the following rules, namely: -

1. Short title, extent and commencement.

(1) These rules may be called the Special Economic Zones Rules, 2003. (2) They shall come into force on the [1st day of January, 2004.] [Substituted by Notification No. G.S.R. 913(E), dated 29.11.2003 (w.e.f. 22.7.2003).]

2. Definitions.

- In these rules, unless the context otherwise requires, -(a) "Act" means the Customs Act, 1962 (52 of 1962); (b) "authorised operation" means setting up, or maintenance of the special economic zone unit, development, maintenance or operation of the special economic zone or providing any public utility service in the special economic zone by developer of such zone, or any activity of manufacture, production, processing, assembling, trading, repair, re-making, reconditioning, re-engineering, packaging of goods in such zone or any activity in connection therewith or carrying out any activity for rendering of any service, or export of such goods, or service from such zone; (c) "developer" means a person engaged in development or operation or maintenance of special economic zone or in providing public utility services within the special economic zone, duly [approved by the Board of Approvals as defined in clause (c) of regulation 2 of the Special Economic Zones (Customs Procedures) Regulations, 2003] [Substituted words "permitted by the

Commissioner of Customs" by Notification No. G.S.R. 305(E) dated 11.5.2004 (w.e.f. 22.7.2003)] and includes any other person authorised by any such developer for such purpose;(d)" domestic tariff area" means an area within India but does not include special economic zones;(e)" Export and Import Policy" means the Export and Import Policy notified from time to time by the Central Government, in the Ministry of Commerce and Industry under section 5 of Foreign Trade (Development and Regulation) Act, 1992 (22 of 1992);(f)"non-processing area" means an area of the special economic zone, but does not include processing area;(g)"processing area" means an area, designated by the Commissioner of Customs, in the special economic zone where only the special economic zone units are set up to carry out one or more authorised operations only;(h)"special economic zone" means a special economic zone specified by the Central Government under section 76 A of the Act;(i)"special economic zone unit" means an unit of business establishment set up in the processing area of special economic zone for carrying out one or more authorised operations only;(ii)["Unit Approval Committee", in respect of a special economic zone, means a committee set up for the special economic zone as notified in the Official Gazette by the Central Government in the Ministry of Commerce and Industry'];] [Inserted by Notification No. G.S.R. 305(E) dated 11.5.2004 (w.e.f. 22.7.2003)](j)Words and expressions used in these rules and not defined but defined in the Act shall have the respective meanings assigned to them in the Act.

3. Establishment and control.

(1)A special economic zone shall have clearly demarcated processing area and such area shall be distinctly separated from the non-processing area.(2)The processing area in the special economic zone shall be fully secured by a fencing with specified entry and exit points, subject to the satisfaction of the Commissioner of Customs.(3)The authorized persons shall only be allowed to enter the processing area of a special economic zone.

4. Transaction between special economic zone and domestic tariff area.

- Subject to provision of sections 76 B and 76 F of the Act,-(a)any goods brought to domestic tariff area from a special economic zone by a special economic zone unit or developer shall be treated as imported goods; and(b)any goods admitted into special economic zone from domestic tariff area shall be treated as exported goods.

5. Admission of goods.

(1)Subject to the provision of clause (a) of section 76 F of the Act and the rules made in pursuance thereof, any goods required for carrying out any authorised operation shall be allowed to be admitted in the special economic zone without payment of duty;(2)Notwithstanding anything in sub-rule (1), goods including motor vehicle for personal use of, or consumption by, officials, workers, staff or owners of the special economic zone unit or developer shall not be admitted into the special economic zone without payment of duty;(3)The Assistant Commissioner or Deputy Commissioner of Customs, as the case may be, may, for reasons to be recorded in writing like frequent entry and exit of goods from the zone, also permit goods, which are not required for carrying out authorised operations, to be admitted into the zone and exit out of the zone without

payment of customs duty.(4)Hazardous goods may be admitted into specially designated areas or installations, of special economic zone subject to such safeguards as may be specified by the Commissioners of Customs.(5)All documents for admission of goods in an special economic zone by the special economic zone unit or developer shall be filed before the Assistant Commissioner of Customs or Deputy [Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be] [Substituted words "Commissioner of Customs" by Notification No. G.S.R. 305(E) dated 11.5.2004 (w.e.f. 22.7.2003)], of the zone.(6)The developer shall have a clear demarcated area in the special economic zone, where goods imported or procured from domestic tariff area by the developer for carrying out authorised operations shall be kept for inspection by customs officers, before such goods are brought into use.

6. Movement of goods out of special economic zone.

- All documentation for exit of the goods from the special economic zone may be filed by the domestic tariff area buyer or on behalf of domestic tariff area buyer by the special economic zone unit or developer, as the case may be, before the Assistant Commissioner of Customs or Deputy Commissioner of Customs of the zone, as the case may be.

7. Authorized operations.

(1)There shall be allowed-(a)to carry out in a special economic zone unit located in the processing area of a special economic zone; and(b)to a developer to carry out,only such authorised operations as are allowed under these rules for such purpose.(2)There shall not be allowed to operate from the same premises two or more special economic zone units.

8. Utilisation of goods.

(1)Goods admitted duty free into a special economic zone shall be used in a special economic zone unit or by the developer for carrying out authorised operations only.(2)In case of utilization of goods admitted duty free in the special economic zone, for purposes other than authorised operations, or in case of failure in respect of special economic zone unit or by the developer to duly account for the goods, such goods shall be chargeable to duty as if the goods have been removed for home consumption.

9. Abatement of duties of customs in special cases.

(1)In case of removal of capital goods, after using the same in the special economic zone, from a special economic zone to the domestic tariff area,-(a)the duty shall be levied on such goods on the depreciated value thereof [* * *] [Omitted words "or on the transaction value, whichever is higher" by Notification No. G.S.R. 305(E) dated 11.5.2004 (w.e.f. 22.7.2003)], at the rate in force on the date of filing of the bill of entry;(b)the depreciation in value shall be allowed for the period from the date of commencement of commercial production of the special economic zone unit, or where such capital goods have been received in the special economic zone unit after such commencement of

commercial production, from the date such goods have come into use for commercial production, to the date of presentation of bill of entry for home consumption;(c)[the depreciation shall be allowed in straight line method as specified below, namely :- [Substituted by Notification No. G.S.R. 305(E) dated 11.5.2004 (w.e.f. 22.7.2003)](i)computer and computer peripherals

For every quarter in the first year @ 10%

For every quarter in the second year @ 8%

For every quarter in the third year @ 5%

For every quarter in the fourth and fifth year @ 1%

(ii)for capital goods other then computer and computer peripherals:

For every quarter in the first year @ 4%

For every quarter in the second year @ 3%

For every quarter in the third year @ 3%

For every quarter in the fourth and fifth year @ 2.5%

and thereafter for every quarter @ 2%

Explanation - For the purpose of computing rate of depreciation for any part of a quarter the full such quarter shall be taken into account; and;](d)there shall be no upper limit for such depreciation and depreciation upto hundred per cent. could be allowed.(2)In case of removal of used packing materials, such as cardboard boxes, polyethylene bags of a kind unsuitable for repeated use, from a special economic zone unit to the domestic tariff area, the same shall be allowed clearance out of the special economic zone without payment of duty.(3)In case of goods removed from a special economic zone unit on payment of duty to the domestic tariff area and brought back to the same unit for purpose of repair within a period of six month from the date of clearance, or such extended period as the Assistant Commissioner of Customs or Deputy Commissioner of Customs, as the case may be, may allow, the same shall be allowed to be removed from special economic zone unit after such repair, on payment of duty on the value of repairs, subject to the condition that identity of the goods is established to the satisfaction of Assistant Commissioner of Customs or Deputy Commissioner of Customs, as the case may be.

10. Temporary removal of goods to the domestic tariff area without payment of duty.

- The following goods may be allowed to be removed temporarily from a special economic zone to the domestic tariff area without payment of duty subject to the regulation made in this behalf, namely:-(i)capital goods and parts thereof for repairs and return thereof,(ii)goods for display, export promotion, exhibition and return thereof,(iii)goods for job-work, test, repair, refining and calibration and return thereof, and(iv)laptop or notebook computers or video projection systems for use by an authorized employee of a special economic zone unit or developer.[11. Removal of goods from a special economic zone unit to an export oriented undertaking or software technology park unit or electronic hardware technology park unit or electronic hardware technology park unit to other special economic unit in the same or other special economic zone. - (1) With the prior permission of the Assistant Commissioner of Customs or Deputy Commissioner of Customs, as the

case may be, goods may be allowed to be removed from a special economic zone unit to an export oriented undertaking or software technology park unit or electronic hardware technology park unit or electronic hardware technology park unit or special economic zone unit, as the case may be: Provided that in case the goods admitted into special economic zone unit from any domestic tariff area, on which benefit under duty exempting pass book scheme or duty draw back has been availed, are removed as such or after subjecting them to a process not amounting to manufacture, to an export oriented undertaking or software technology park unit or electronic hardware technology park unit directly by the special economic zone unit or through any unit in the same special economic zone or another special economic zone, the duty equal to benefit availed under duty exemption pass book scheme or duty drawback shall be liable to be paid. (2) In case of clearance of goods by a special economic zone unit to another special economic zone unit within the same special economic zone, no prior permission of Assistant Commissioner of Customs or Deputy Commissioner of Customs shall be required, but both supplying and receiving special economic zone units shall be required to maintain records for such transaction.] [Substituted by Notification No. G.S.R. 305(E) dated 11.5.2004 (w.e.f. 22.7.2003)]

12. Destruction of goods imported or procured from domestic tariff area including capital goods or goods manufactured or produced by a special economic zone unit.

(1) After obtaining the permission of the Assistant Commissioner of Customs or Deputy Commissioner of Customs, as the case may be, a person entitled to discharge such function of a special economic zone unit, may destroy the goods (including capital goods) procured from domestic tariff area by such unit or imported from outside India or goods manufactured or produced by such unit including rejects, waste, scrap or remnants, in the presence of proper officer without payment of duty within the special economic zone, and such destruction shall be carried out outside such zone only where it is not possible to destroy within such zone, subject to the condition that - (i) [in case of destruction of goods procured from domestic tariff area, the special economic zone unit shall be required to pay back the export benefits taken by the domestic tariff area supplying unit or taken by the special economic zone unit on the basis of disclaimer from domestic tariff area unit; [Substituted by Notification No. G.S.R. 305(E) dated 11.5.2004 (w.e.f. 22.7.2003)] Provided that where such goods have been procured by the special economic zone unit against payment of foreign exchange, the special economic zone shall not be liable to pay back the export benefits, taken by the domestic tariff unit from which such goods have been procured or, taken by the special economic zone unit on the basis of disclaimer from such domestic tariff area unit, in case of destruction of such goods; and] (ii) in case of gems and jewellery item, no such destruction shall be allowed in respect of precious and semi-precious stones and precious metals to the special economic zone unit; Explanation.- For the purposes of this rule, export benefit includes drawback, duty entitlement passbook scheme, rebate, advance license, or counting of proceeds as export earnings or counting proceeds as fulfillment of export obligation under any scheme.

13. Maintenance of accounts.

(1) There shall be maintained in every special economic zone unit accounts, financial year-wise, in the form convenient to them, at least under the following heads, namely:-(i) inflow of all foreign exchange by way of exports and other receipts; (ii) outflow of all foreign exchange on account of imports and on account of dividend, royalty, fees, foreign visits and other payments; (iii) value and quantity of all goods admitted free of duty or received under claim of duty drawback or duty entitlement passbook scheme credit; (iv) value and quantity of goods produced, manufactured, processed, packaged, and cleared and services rendered, including waste, scrap and remnants arising out of such production, manufacture, processing or packaging, in the domestic tariff area; (v) value and quantity of goods utilised in production; (vi) receipt of all duty paid goods; (vii) receipt of goods from the domestic tariff area on payment of central excise duty by the domestic tariff area unit; (viii) value and quantity of clearances to other export oriented undertakings, software technology park units, electronic hardware technology park units or special economic zone units and receipt from such units; and (ix) value and quantity of goods cleared for export and services rendered abroad. (2) There shall be maintained in every special economic zone unit engaged in both trading and manufacturing activities, the records of accounts specified under sub-rule (1) separately for trading and manufacturing operations. Explanation.- For the purposes of calculation of inflow or outflow of foreign exchange, the payments received by the transferring special economic zone unit or export oriented undertaking or any other unit in software technology park or electronic hardware technology park, as the case may be, in respect of inter-unit transfer of goods, even though in rupees, shall be considered as inflow of foreign exchange and similarly, in the case of the recipient unit, such payments shall be considered as outflow of foreign exchange. [14. Submission of Returns. - Every special economic zone unit, shall endorse, a copy of the quarterly and annual return which it furnishes to the Development Commissioner, the the Assistant Commissioner of Customs, as the case may be, in a format as specified for such purpose in Appendix 141F of the Handbook of Procedures (Vol. I), notified by the Director General of Foreign Trade, Government of India in the Ministry of Commerce and Industry under Public Notice No.1 (RE-2003)/2002-07, dated the 31st march, 2003.] [Substituted by Notification No. G.S.R. 305(E) dated 11.5.2004 (w.e.f. 22.7.2003)]

15. Recovery of duty on failure to achieve stipulated foreign exchange earning.

(1) In case of failure to achieve the net foreign exchange earning as stipulated in the Export and Import Policy for the time being in force, there shall be liable to, in respect of the special economic zone unit, pay duty alongwith interest at the rate as specified in the notification of the Government of India in the Ministry of Finance (Department of Revenue,) issued under section 28AB of the said Act in this regard and for the time being in force, from the date of duty free import or procurement from domestic tariff area of the said goods till the date of payment of such duty. Not printed in Gazette (2) The duty payable, as referred to in sub-rule (1), shall be equal in amount to the duty leviable on such goods but for the exemption contained in section 76E of the Act and the duty so payable shall bear the same proportion as the unachieved portion of the stipulated net foreign exchange earning bears to the stipulated net foreign exchange earning to be achieved.

16. Duration of stay.

- Goods admitted to a special economic zone shall be utilized in accordance with rule 7 or exported or disposed of in term of the provisions of these rules, within a period of five years from the date of admission of such goods, or such extended period as may be allowed by the Commissioner of Customs, for reasons to be recorded in writing, as the case may be, failing such disposal, it shall be liable in respect of special economic zone unit or on developer to pay duty along with interest at the rate as specified in the notification of the Government of India in the Ministry of Finance (Department of Revenue,) issued under section 28AB of the Act on the such duty, from the date of duty free import or procurement from domestic tariff area of the said goods till the date of payment of such duty as if such goods have been removed in domestic tariff area by special economic zone unit on the date of expiry of the said five year period.

17. Transfer of ownership.

(1) Goods admitted into or manufactured or produced in a special economic zone unit may be transferred without payment of duty to any other special economic zone unit in the same special economic zone for the purpose of carrying out authorised operations by the recipient special economic zone unit subject to the condition that both the supplying and receiving special economic zone units maintain proper account of such goods. (2) Capital goods admitted into, or goods manufactured or produced, in a special economic zone unit may be transferred without payment of duty to special economic zone units in other special economic zone for the purpose of carrying out authorised operations by the recipient special economic zone unit subject to the condition that both the supplying and receiving special economic zone units maintain proper account of such goods.

18. Security.

- A person competent under the law for the time being in force to do so in respect of a special economic zone unit or a developer shall execute a bond alongwith surety or security to the satisfaction of the [Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be] [Substituted words "Commissioner of Customs" by Notification No. G.S.R. 305(E) dated 11.5.2004 (w.e.f. 22.7.2003)] in the form annexed with these rules for the purpose of safeguarding the duty and such bond shall be in respect of the one or more of the following activities relating to the special economic zone, namely:-(i) movement of goods between port of import or export and the special economic zone; (ii) admission, manufacturing and other permitted activities in the special economic zone unit; (iii) temporary removal of admitted goods or goods produced or manufactured in the special economic zone unit for the purposes of repairs or testing or calibration or display or processing or any other similar temporary removals into domestic tariff area without payment of duty; (iv) re-import of exported goods. [19. Monitoring. - The performance of special economic zone unit and a developer of the concerned special economic zone shall be monitored by the Unit Approval Committee in which the Commissioner of Customs having jurisdiction over concerned special economic zone or his nominee shall be a member.] [Substituted by Notification No. G.S.R. 305(E) dated 11.5.2004 (w.e.f. 22.7.2003)]

20. Closure of special economic zone.

- In the event of closure of a special economic zone, - (a) goods admitted into a special economic zone unit duty free within such special economic zone and lying unutilised as well as goods produced or manufactured in such special economic zone unit, shall be [either exported or shall be transferred to another special economic zone unit in other special economic zone or to export oriented undertaking or unit in electronic hardware technology park or software technology park with out payment of duty or] [Substituted words "either exported or" by Notification No. G.S.R. 305(E) dated 11.5.2004 (w.e.f. 22.7.2003)] duty shall be paid as if the goods have been removed for home consumption under clause (b) of section 76 F of the Act, within a period of three months from such closure: Provided that in case of used capital goods, abatement of duties of customs shall be available in accordance with the provisions of sub-rule (1) of rule 9. [Provided further that in case the goods admitted into special economic which benefit under duty exemption pass book scheme or duty drawback has been availed, are removed as such or after subjecting them to a process not amounting to manufacture, to an export oriented undertaking or software technology park unit or electronic hardware technology park unit directly by the special economic zone or another special economic zone, the duty equal to benefit availed under duty exemption pass book scheme or duty drawback shall be liable to be paid.] [Inserted by Notification No. G.S.R. 305(E) dated 11.5.2004 (w.e.f. 22.7.2003)] (b) any goods imported or procured from domestic tariff area by the developer of the special economic zone for development of zone and all such goods allowed admission to the special economic zone for maintenance, operation of the special economic zone and for providing public utility services in the special economic zone, shall be either exported or removed for home consumption on payment of applicable duties within a period of six months from such closure: Provided that in case of used machinery, abatement of duties of customs shall be available in accordance with the provisions of sub-rule (1) of rule 9.

Form-I General Bond (With Surety/ Security)

To Be Executed By A Special Economic Zone Unit. We having our registered office at hereinafter referred to as the Obligors and called the surety (ies) (which expression shall, unless repugnant to the context or meaning thereof, include our heirs, successors, executors, administrators, liquidators, legal representatives and assignees) hereby hold and firmly bind ourselves jointly and severally unto the President of India, hereinafter referred to as 'the Government' in the sum of Rs. Rupees only) for which payment to be well and truly made, we, the obligors, bind ourselves by these presents. Whereas we the obligors have been granted by the Government a letter of permission for setting up a unit in special economic zone for purposes of carrying out authorised operation specified in the letter of permission and for export of goods and services out of India on the terms and conditions stipulated in the letter of permission number dated and we the obligors have duly accepted the said terms and conditions. And Whereas the Assistant Commissioner of Customs or Deputy Commissioner of Customs of special economic zone has authorised the premises at as special economic zone unit wherein the dutiable goods, imported or sourced indigenously or sourced from other export oriented undertaking, software technology park units or electronic hardware technology park unit or special economic zone unit in the same zone or other special economic zone by us from time to time for manufacture of goods or services as aforesaid could be deposited for a period of 5 years without payment of duty. And Whereas the said Assistant Commissioner of Customs or Deputy Commissioner of Customs has permitted the obligor to clear duty free imported goods from ports or

airports or inland container depots or specified land custom stations or customs warehouses or international exhibition held in India, as the case may be, for admission into the special economic zone. And Whereas the Assistant Commissioner of Customs or Deputy Commissioner of Customs has permitted the obligors to remove the said goods or goods manufactured or produced from the said unit without payment of duty and despatch the same by air, sea, rail or road, courier or post for export to foreign countries without payment of duty and when required bonafide to do so, or to other export oriented undertaking or to electronic hardware technology park unit or to software technology park unit or to other special economic zone unit subject to the prescribed conditions set out for the due arrival of the said goods at the said export oriented undertaking, or at the electronic hardware technology park unit or at the software technology park unit or at the special economic zone unit. And Whereas the Assistant Commissioner of Customs or Deputy Commissioner of Customs has permitted the obligor to remove the goods imported or sourced domestically or goods partially manufactured or processed therefrom to any other place in India without payment of duty subject to such conditions and limitations as may be specified by him, for the purpose of test, repairs, calibration, re-engineering, re-conditioning or display and to be returned to the unit thereafter. And Whereas the Assistant Commissioner of Customs or Deputy Commissioner of Customs has permitted provisional assessment of goods brought into the special economic zone or manufactured by the above Obligors from time to time which could not be finalised for want of full information as regard to value description or quality or the proof thereof or for the non-completion of the chemical or other tests in respect thereof or otherwise at the request of the obligor. And Whereas the Assistant Commissioner of Customs or Deputy Commissioner of Customs or such other delegated authority, as the case may be, has required the obligor to deposit as security for the amount of this bond, the sum of Rs. (Rupees only) endorsed in favour of the President of India and accepted for and on behalf of the President of India by the Commissioner, Deputy Commissioner, Assistant Commissioner, Superintendent of Customs, namely, and whereas the obligor has furnished such guarantee by depositing the cash or securities as aforesaid. NOW THE CONDITIONS OF THE ABOVE WRITTEN BOND ARE THAT:

- 1. We, the obligors, shall observe all the provisions of the Customs Act, 1962 and the rules and regulations made thereunder in respect of the said goods.**
- 2. We, the obligors, shall pay on or before a date specified in a notice of demand all duties, rent and charges claimable on account of the said goods under the Customs Act, 1962 and rules or regulations made thereunder together with interest on the same from the date so specified at the rate applicable.**
- 3. We, the obligors, shall discharge all duties and penalties imposed for violation of the provisions of the Customs Act, 1962, rules and regulations in respect of the said goods not removed within five years from the date of the order permitting the deposit of the said goods at the said unit, and also pay interest at a rate applicable from the expiry of the above said period till the**

date of the clearance of the goods.

4. We, the obligors, shall furnish to the Assistant Commissioner of Customs or Deputy Commissioner of Customs as the case may be, at port or air-port or inland container depot or land customs station or a warehouse evidence to his satisfaction with a period of three months from the date of despatch from any warehouse or unit that the said goods have duly arrived at the unit in the special economic zone.

5. We, the obligors, shall be wholly and solely responsible for ensuring that there shall be no pilferage during transit of the said goods when dispatched from the place of Import, the factory of manufacture or from the warehouse to the unit in the special economic zone and vice versa and we, the obligors, shall pay the duty on pilfered goods, if any.

6. We, the obligors, shall maintain detailed accounts of all goods used in the manufacturing processes and operations in proper form including of those remaining in stock and those sent outside the special economic zone in the domestic tariff area under our obligation, and shall produce such accounts for inspection of the proper officer or Assistant Commissioner of Customs or Deputy Commissioner of Customs or such other delegated authority as the case may be, when directed by him.

7. We, the obligor, shall achieve positive net foreign exchange earning and fulfill other conditions stipulated in the Customs Act, Rules and Regulations, and Export and Import Policy as amended from time to time; and in case of failure to achieve the positive net foreign exchange earning as stipulated in the Export and Import Policy in force for the time being, pay duty alongwith interest as provided in the Customs Act, 1962 and rules or regulations made thereunder as the case may be.

8. We, the obligors, shall if the goods including manufactured or produced goods, are allowed to be sold in India subject to such other limitations and conditions as may be specified in this behalf in the Export and Import Policy and in the ITC (HS) classifications of Export and Import Items, 2002-2007 as amended from time to time, issued by the Ministry of Commerce and Industry in the Department of Commerce by publishing a notification in the official Gazette of India, pay duties as per provisions of chapter X A of the Customs

Act, Rules and Regulation as the case may be.

9. We, the obligors, shall comply with the conditions and limitations stipulated, in the Export and Import Policy as amended from time to time or by the Assistant Commissioner of Customs or Deputy Commissioner of Custom permitting the goods admitted in the unit in the special economic zone or the articles manufactured or package therefrom to be taken outside the special economic zone unit into domestic tariff area temporarily, without payment of duty, for the purposes of testing repairs reconditioning, processing or display etc.

10. We, the obligors, shall not change the name and style under which we, the obligors, are doing business or change the location of the manufacturing premises except with the written permission of the Assistant Commissioner of Customs or Deputy Commissioner of Customs at..... special economic zone.

If each and every one of the above conditions is duly complied with by us, the obligors, the above written bond shall be void and of no effect, otherwise the same shall remain in full force and effect and virtue. It is hereby declared by us, the obligors and the Government as follows -

1. The above written bond is given for the performance of an act in which the public are interested.

2. The Government through the Commissioner of Customs or any other officer of Customs recover the sums due from the obligors in the manner laid down in sub-section (1) of section 142 of the Customs Act, 1962.

Provided always that the liability of the surety hereunder shall not be impaired or discharged by reason of any time being granted or any forbearance, act or omission of the Government (whether with or without the knowledge or the consent of the surety) in respect of or in relation to the obligation and condition to be performed or discharged by the obligor(s) nor shall it be necessary to sue the obligor(s) before suing the surety for amounts hereunder. And the President of India shall, at his option, be competent to make good all the loss and damages from the amount of the security deposit or by endorsing his rights under the above written bond or both; I/We further declare that this bond is given under the orders of the Central Government in the performance of an act in which the public are interested; In these presents the words imposing singular only shall also include the plural and vice versa where the context so requires; In witness whereof these presents have been signed this day.....of20 hereinbefore written by the obligor(s) and the surety (ies). Place: Date: Signature of the Obligor Name and Residential address

Witness	(1) Address (1)	Occupation (1)
	(2) Address (2)	Occupation (2)

Signature of the SuretyName and Residential address

Witness	(1) Address (1)	Occupation (1)
	(2) Address (2)	Occupation (2)

Accepted for and on behalf of the President of India on day of 20.....Signature and dateName.....Designation.....Accepted for and on behalf of the President of India onday of 19.....Form-IIGeneral Bond (With Surety/security) To Be Executed By Developer Of The Special Economic Zone.Wehaving our registered office at hereinafter referred to as the Obligors andcalled the surety (ies) (which expression shall, unless repugnant to the context or meaning thereof, include our heirs, successors, executors, administrators, liquidators, legal representatives and assignees) hereby hold and firmly bind ourselves jointly and severally unto the President of India, hereinafter referred to as `the Government' in the sum of Rs.Rupees.....only) for which payment to be well and truly made, we, the obligors, bind ourselves by these presents.Whereas we the obligors have been granted by the Government a letter of permission to develop, operate or maintainspecial economic zone on the terms and conditions stipulated in the letter of permission numberdated.....and we the obligors have duly accepted the said terms and conditions.And Whereas the Assistant Commissioner of Customs or Deputy Commissioner of Customs ofspecial economic zone has licensed the premises atas warehouse under section 58 of the Customs Act, 1962, wherein the dutiable goods, imported or sourced indigenously or sourced from other export oriented undertaking, software technology park units or electronic hardware technology park unit or special economic zone unit in the same zone or other special economic zone by us from time to time for the purposes of carrying our authorised operations in terms of Letter of Permission, could be deposited for a period of six months or such extended period as may be extended by the Assistant Commissioner of Customs or Deputy Commissioner of Customs, without payment of duty.And Whereas the said Assistant Commissioner of Customs or Deputy Commissioner of Customs has permitted the obligor to clear duty free imported goods from ports or airports or inland container depots or specified land custom stations or customs warehouses or international exhibition held in India, as the case may be, for admission into the special economic zone.And Whereas the Assistant Commissioner of Customs or Deputy Commissioner of Customs has permitted the obligor to remove the goods imported or sourced domestically to the any other place in India without payment of duty subject to such conditions and limitations as may be specified by him for the purpose of test, repairs, calibration, re-engineering, re-conditioning and to be returned to the special economic zone thereafter.And Whereas the Assistant Commissioner of Customs or Deputy Commissioner of Customs has permitted provisional assessment of goods brought into the special economic zone or manufactured by the above Obligors from time to time which could not be finalised for want of full information as regard to value description or quality or the proof thereof or for the non-completion of the chemical or other tests in respect thereof or otherwise as per request of the obligor.And Whereas the Assistant Commissioner

of Customs or Deputy Commissioner of Customs or such other delegated authority as the case may be has required the obligor to deposit as security for the amount of this bond, the sum of Rs..... (Rupees.....only) endorsed in favour of the President of India and accepted for and on behalf of the President of India by the Commissioner, Deputy Commissioner, Assistant Commissioner, Superintendent of Customs, namely.....and whereas the obligor has furnished such guarantee by depositing the cash or securities as aforesaid.NOW THE CONDITIONS OF THE ABOVE WRITTEN BOND ARE THAT:

- 1. We, the obligors, shall observe all the provisions of the Customs Act, 1962 and the rules and regulations made thereunder in respect of the said goods.**
- 2. We, the obligors, shall pay on or before a date specified in a notice of demand all duties, rent and charges claimable on account of the said goods under the Customs Act, 1962 and rules or regulations made thereunder together with interest on the same from the date so specified at the rate applicable.**
- 3. We, the obligors, shall discharge all duties and penalties imposed for violation of the provisions of the Customs Act, 1962, rules and regulations in respect of the said goods not removed within five years from the date of the order permitting the deposit of the said goods at the said unit, and also pay interest at a rate applicable from the expiry of the above said period till the date of the clearance of the goods.**
- 4. We, the obligors, shall furnish to the Assistant Commissioner of Customs or Deputy Commissioner of Customs as the case may be, at port or airport or inland container depot or land customs station or a warehouse evidence to his satisfaction with a period of forty five days from the date of despatch from any warehouse or unit that the said goods have duly arrived at the unit in the special economic zone.**
- 5. We, the obligors, shall be wholly and solely responsible for ensuring that there shall be no pilferage during transit of the said goods when dispatched from the place of import, the factory of manufacture or from the warehouse to the special economic zone and vice versa and we, the obligors, shall pay the duty on pilfered goods, if any.**

6. We, the obligors, shall maintain detailed accounts of all goods imported, procured from domestic tariff area, consumed and utilised in proper from including of those remaining in stock and those sent temporarily outside the special economic zone in the domestic tariff area under our obligation, and shall produce such accounts for inspection of the proper officer or Assistant Commissioner of Customs or Deputy Commissioner of Customs or such other delegated authority as the case may be, when directed by him.

7. We, the obligor, shall fulfill other conditions stipulated in the Customs Act, Rules and Regulations, and Export and Import Policy as amended from time to time.

8. We, the obligors, shall comply with the conditions and limitations stipulated, in the Export and Import Policy as amended from time to time or by the Assistant Commissioner of Customs or Deputy Commissioner of Custom permitting the goods admitted in the unit in the special economic zone or the articles manufactured or package therefrom to be taken outside the special economic zone unit into domestic tariff area temporarily, without payment of duty, for the purposes of testing, repairs, reconditioning, processing or display etc.

9. We, the obligors, shall not change the name and style under which we, the obligors, are doing business or change the location of the manufacturing premises except with the written permission of the Assistant Commissioner of Customs or Deputy Commissioner of Customs at..... special economic zone.

If each and every one of the above conditions is duly complied with by us, the obligors, the above written bond shall be void and of no effect, otherwise the same shall remain in full force and effect and virtue. It is hereby declared by us, the obligors, and the Government as follows -

1. the above written bond is given for the performance of an act in which the public are interested.

2. the Government through the Commissioner of Customs or any other officer of Customs recover the sums due from the obligors in the manner laid down in sub-section (1) of section 142 of the Customs Act, 1962.

Provided always that the liability of the surety hereunder shall not be impaired or discharged by reason of any time being granted or any forbearance, act or omission of the Government (whether with or without the knowledge or the consent of the surety) in respect of or in relation, to the obligation and condition to be performed or discharged by the obligor(s) nor shall it be necessary to sue the obligor(s) before suing the surety for amounts hereunder. And the President of India shall, at his option, be competent to make good all the loss and damages from the amount of the security deposit or by endorsing his rights under the above written bond or both; I/We further declare that this bond is given under the orders of the Central Government in the performance of an act in which the public are interested; In these presents the words imposing singular only shall also include the plural and vice versa where the context so requires; In witness whereof these presents have been signed this day.....of..... 20.... hereinbefore written by the obligor(s) and the surety (ies). Place: Date: Signature of the Obligor Name and Residential address

Witness (1) Address (1) Occupation
(1)

(2) Address (2) Occupation
(2)

Signature of the Obligor Name and Residential address

Witness (1) Address (1) Occupation
(1)

(2) Address (2) Occupation
(2)

Accepted for and on behalf of the President of India on day of 20..... Signature and date Name..... Designation..... Accepted for and on behalf of the President of India on day of 20.....