Electronic Repair Services Outsourcing

ERSO

Based on a National Study conducted for Manufacturers Association of Information Technology (MAIT)
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General

Electronics Industry is the world’s largest and fastest growing industry and is increasingly finding applications in all sectors of the global economy. The Government attaches high priority to Electronics System Design & Manufacturing (‘ESDM’) industry and it is one of the important pillars of both “Make in India” and “Digital India” programmes of Government of India. Besides the economic imperative, focus on electronics hardware manufacturing up to the integrated circuit chip level is required due to the growing security concerns. With the growing penetration of electronic devices in the world, their repair, refurbishment and remanufacture is emerging as a sunrise sector for the Electronic Industry.

Electronic Repair Services Organisation (ERSO)

“Electronics Repair Services Outsourcing involves outsourcing of defective and damaged electronic items to repair service organizations in India, to repair or refurbish or re-calibrate, such defective or damaged electronic items, to bring them to a perfect working condition.”

Lines of income from Electronic Repair & Calibration Services

The Repair and refurbishment & calibration services of IT and electronic products is a 100-billion-dollar industry world-wide. The ERSO industry contributes through multiple lines of business. The flowchart below explains the distinct scope of each line of business which has its own distinct contribution to the revenue stream.
Opportunities

The succeeding paragraph covers opportunities that will be created with the promulgation of the ERSO policy with the aim of ensuring that India becomes the most preferred electronic repair destination for the entire world.

✧ **Electronic Repair Services - a Sunrise sector:**
The global electronic equipment repair service market is forecast to grow at a CAGR of 4.30%, in value terms, to reach USD 188 billion by 2026. The policy aims to carve out approximately $20 Bn from the Global equipment repair market for India.

✧ **ERSO: Potential for Employment Generation:**
Repair is a manpower intensive activity and Indians have an inherent expertise in this field. By creating a repair hub in India, the Government aims to maximize the direct and indirect employment generation opportunities for our youth. In the present COVID-19 pandemic, where jobs have been lost and livelihood opportunities have shrunk like never before, the ERSO presents a golden opportunity to provide jobs and livelihood to our citizens.

A study on Human Resource and Skills Requirement in the Electronics Sector Skill Council of India by KPMG supported by NSDC highlighted that the Repair and Maintenance segment of the Electronics & IT Hardware Industry would contribute to maximum growth of employment. The domestic Digital push pursued by the Government and the global penetration of digital devices will only increase the repair opportunity with time. There is also a direct correlation between revenue generated through ERSO and the Headcount of jobs that would accrue as a fallout of this increased repair activity. The Table below gives out that correlation in a lucid manner.

It is thus amply clear that ERSO in India has the potential to create 5 mn jobs. The job headcount – Revenue relation shows that a revenue of $1 bn can create 250,000 jobs and as the revenue increases to $ 5 Bn, 5 mn jobs get generated.

✧ The global electronic equipment repair service market is witnessing consistent growth, owing to increasing dependence on electronic equipment, rising equipment failure rates and growing demand for refurbished electronic equipment.

✧ Innovative offerings to target customers, rapid urbanization and technological advancements are fueling the growth of the global electronic equipment repair service market.

✧ Factors such as availability of electronic equipment insurance, introduction of “right to repair” law and the entry of various players are further fueling the electronic equipment repair service market at the global level.

✧ In terms of region, the global electronic equipment repair services market is segmented into Asia-Pacific, North America, Europe, South America, and Middle East & Africa. Among which, riding on the labour cost arbitrage, the Asia-Pacific region has dominated the global electronic equipment repair service market with a majority of market share around 33% in
the year 2020 and will continue to dominate the market during the forecast period.

**Why India has an advantage:** India has the potential to become the world leader in this sector, and this can majorly contribute towards our Country’s vision and target of becoming a 5 trillion Dollar economy. The aim is to make India an engine and a global hub for electronic repairs for sustained and substantial growth of the Country. The competitiveness of India lies in its availability of a skilled & affordable workforce. The tables given below elucidate the cost advantage that India enjoys over other competitive repair markets viz. ASEAN, China and East Europe.

As is evident from the Chart 2 & 3 above, **India is 57% more competitive than China, 26% more competitive than Malaysia & 37% more competitive than Eastern Europe as far as electronic repair is concerned.**

- **Inclusion of ERSO under National Policy of Electronics and creation of a Development Fund for ERSO, to avail the benefits of capital subsidy schemes for investments & incentives on purchase/ lease of Land will go a long way in galvanizing this sunrise sector and would transform India into a global repair & calibration hub.**

- **It would also change the mindset of the OEMs to prioritize India for repair and refurbishment hub thus help in securing long term repair commitments.**

- **Contribution to Circular Economy:** The efficient repair of electronic equipment will enable them to last longer thus reducing the production of e-waste and plastic waste to a large extent both domestically and globally. Thus, India has the potential to earn carbon credits from the efficient leveraging of this opportunity.

- **Incremental tax revenue for the Government of India:** The Global electronic repairs market is projected to have a size of more than $188 Bn¹ by 2025. It is likely to generate revenues of $ 20 billion per annum in next four years from now (from 2025 onwards) as it is foreseen to be among the largest and fastest growing industry in the world. With the aid of Make in India drive and other desired incentives, this billion-dollar industry shall result in incremental tax revenue generation for the Government of India. The electronics repair industry is estimated to

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Electronics Repair Services Outsourcing (ERSO) to become one of the tax-competitive sectors in India. Creation of a global repair hub in India opens up plenty of opportunities for repairers to earn income thereby generating massive tax revenue for the Government of India.

- **Component Stocks and Procurement**: As repair grows in India so would the consequent demand for electronic components. With robust orders, Indian electronic repair companies would command greater leverage in sourcing of these components from abroad. They would be able to source components in bulk at lower prices and would also be encouraged in localization of many components.

- **Generation of FOREX**: Repair companies should be allowed to set up repair hubs in India (including in Special Economic Zones), wherein free import of defective IT/electronic products shall be facilitated, and exports are allowed, after appropriate repair/testing, back to the suppliers abroad by using genuine components (imported or locally sourced by Indian repair vendors). This would result in earning of export-led FOREX revenue and also allow certain portion of the facility under duty free zones (SEZ, FTWZ, Bonded warehouses) to receive local defective IT parts, for repair and return to Indian customers as well.

Setting up of repair hubs in India (including in Special Economic Zones), wherein repair vendors would be allowed to freely import defective IT/electronic products, after appropriate repair/testing, exporting back to the suppliers abroad by using genuine components (imported or locally sourced by Indian repair vendors), would result in earning huge export-led FOREX revenue.

- **Positive GDP impact**: The initiative to make India an Electronics Repairs Outsourcing Hub can be proved to be one of the driving factors for promoting the economic growth of our country. By grabbing this opportunity, our country will witness a spike in employment generation, investment from all over the globe, rise in income, tax-revenue etc. which will ultimately contribute to $15 billion GDP addition per annum in next four years from now (from 2025 onwards).

This sector can benefit the most from the key initiatives undertaken by the government such as ‘Make in India’, ‘Startup India’, ‘Aatma Nirbhar Bharat’ and ‘Ease of doing business’

- **Skill Enhancement benefitting growth in electronics manufacturing in India**: A crucial aspect is that repairs enhance the technical skills of professionals undertaking it. Such skills gained during the process of repair / refurbishing can also be used as a capability to manufacture the said items. This will definitely give a readymade talent pool to companies wanting to set up manufacturing entities in India.

- **Opportunity for MSME sector**: The electronics repair industry will further help in the growth, expansion, and facilitation of Micro, Small and Medium Enterprises (MSME) sector. Many companies in the sector may fall under the MSME sector and will benefit from the initiatives that have been undertaken to boost the MSME sector including but not limited to improving access to loans/credit, wider access to markets, technological upgradation of MSME etc.

- **Incremental investment in India**: The repair & calibration industry is expected to become a key driver to attract investment with its potential for huge returns from all over the world. The expected key drivers which may result in driving a huge quantum of investment in India are a strong demand for refurbished electronic equipment specially in Emerging markets & the possibility of damage to products under warranty necessitating their repair.
INTRODUCTION

a) Electronics Industry is the world’s largest and fastest growing industry and is increasingly finding applications in all sectors of the global economy. The Government attaches high priority to Electronics System Design & Manufacturing (‘ESDM’) industry and it is one of the important pillars of both “Make in India” and “Digital India” programmes of Government of India. Besides the economic imperative, focus on electronics hardware manufacturing up to the integrated circuit chip level is required due to the growing security concerns. The ESDM industry is of strategic importance. India is signatory to the Information Technology Agreement (ITA-1) of WTO and Free Trade Agreements (FTAs) with various countries / trading blocs such as ASEAN, Korea, Japan etc. However, the ESDM industry encounters lack of level-playing field vis-à-vis competing nations due to several disabilities which render domestic manufacture of electronics hardware uncompetitive. This inter-alia includes inadequacies in (i) infrastructure; (ii) power; (iii) finance at competitive rates; (iv) skill development; (v) components manufacturing base; (vi) domestic supply chain and logistics; (vii) limited design capabilities and focus on R&D by the industry etc.

b) Repairs and refurbishment services of IT and electronic products have become globally a USD $188 Bn industry. High costs of repairing of electronic goods in developed countries like the United States and Europe is compelling the corporates to send goods to overseas destinations, where repair services are provided at lower prices due to both skill and cost arbitrage.

c) Due to logistics issues and stringent implementation of Customs and Foreign Trade Regulations, such repairs (exports), returns (re-imports) are facing regulatory, procedural and huge logistic bottlenecks. Secondly, due to high finance costs, Indian repair vendors are unable to constantly upgrade their infrastructure, develop human skills and effectively compete with international repair vendors. In certain establishments, goods repaired within India were not equipped with scientific packing methods including ESD (Electrostatic Device) protected bags, barcoded packing boxes etc., and they are not even getting decent repair charges plus reimbursement cost of genuine components used for repairs. Hence, there is a dire need of a legislative intervention to make India a global Repair Hub.

d) Trade facilitation and ease of doing business: One of the major disadvantages that India faces in presenting itself as an attractive destination for repair is the transit time that repairable equipment takes to reach its repair destination from the landing point and its return journey post repair. While Trade facilitation and ease of doing have been a priority of the Government of India so that transaction cost and time

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3. Refer Chart 2 & 3 on pg 8 & 9 respectively.
are minimized and Indian electronic repair service & calibration industry can be globally competitive, a lot still needs to be done. The Table 1.4 given below demonstrates real data for equipment clearance and transit in various competing geographies around the globe.

Table 1: Actual data for equipment clearance and transit time in various competing geographies around the globe vis-à-vis India

<table>
<thead>
<tr>
<th>Country</th>
<th>India</th>
<th>Malaysia</th>
<th>China</th>
<th>Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clearance Lead Time</td>
<td>16 days</td>
<td>1 day</td>
<td>1 day</td>
<td>Green Channel</td>
</tr>
<tr>
<td>APAC Transit Time</td>
<td>8 days</td>
<td>4 days</td>
<td>6 days</td>
<td>4 days*</td>
</tr>
<tr>
<td>Total</td>
<td>24 days</td>
<td>5 days</td>
<td>7 days</td>
<td>4 days</td>
</tr>
</tbody>
</table>

As a component of this Policy, there is an immense need for reform and reduce the clearance processes so as to enable the ERSO Industry to thrive and become competitive. Through this Policy draft for an Electronics Repair Services Outsourcing (ERSO) initiative, the Government could pave the way and create avenues for Repair companies to set up repair hubs in India (including in Special Economic Zones) at internationally competitive costs. The Government of India through this policy would seek to undertake steps to facilitate smooth and unobstructed import of defective electronic products and their re-export after repair / refurbishment or calibration.

The Government would further take steps to facilitate the setting up of independent repair hubs /clusters for ERSO vendors in the pattern of SEZs or as specified areas within the existing SEZs. This would speed up the repair Turn Around Time saving valuable time and cost. To summarise, the draft Policy endeavours to facilitate the following:

i) hassle-free import of defective IT/electronic products

ii) appropriate repairs, calibration, testing by using genuine components (imported or locally sourced),

iii) export to overseas destinations of repaired goods which would result in earning of export-led FOREX revenue and allow certain portion of facilities under duty free zones (SEZ, FTWZ) to receive local defective parts for repair, calibration and return to Indian customers.

f) Need for Policy Support from the Government of India: There is a need for special policy support for operationalizing ERSO in India. If this Policy support is rendered then the sector would help achieve the following critical policy objectives:

1. tremendous boost to domestic repair service & calibration sector in India

2. Indian enterprises and technicians to earn valuable FOREX

3. development of human skills

4. employment generation,

5. reduction in the repair turnaround time, and

6. reduction of cost of exports/re-imports.
1.1 OBJECTIVES

a) Objective of this Policy is to offset inefficiencies / bottlenecks involved in domestic electronic repair service & calibration sector and to provide timely regulatory support to the electronic repair service & calibration sector in India, so as to (i) earn valuable FOREX; (ii) generate employment and (iii) improve India’s GDP.

b) Allow certain portion of facilities under duty free zones (SEZ, FTWZ) to receive local defective parts for repair and return to Indian customers.

c) Improve Ease of Doing Business for the electronic repair service & calibration industry in India and enhance India’s export competitiveness.

d) Encourage industry led R&D and innovation in all sub-sectors of electronics.

e) Provide incentives and support to significantly enhance availability of skilled manpower, including re-skilling, in the electronic repair service industry in India.

f) Utilize technical skills gained during repairs / refurbishing as stepping stones for companies to enter the manufacturing industry.

g) Provide fiscal incentives, support growth, and significantly enhance economies of scale in electronics repair service industry.

h) To make India a global leader in the Electronics Repair Services & calibration segment by progressively promoting higher value addition in repairs of electronic products.

i) Provide policy support, special package of incentives like tax exemptions, subsidized land etc., financial support and loans to industry at competitive rates to set up or to expand electronic repair hubs.

j) Create specialized governance structures within the Government to cater to specific needs of the Electronics Repair Services & calibration sector, arising due to rapid changes in technology and innovative business models. Such a governance structure is suggested in Paragraph 1.07 of this Chapter.

k) Promote research, innovation, and support to industry for green processes and sustainable e-waste management, including inter alia facilitation of citizen engagement programmes for safe disposal of e-waste in an environment friendly manner, develop e-waste recycling industry and adapt best practices in e-waste management.

l) Boost the MSME sector including but not limited to improving access to loans / credit, wider access to markets, technological upgradation of MSME etc.

m) Benefits such as availability of collateral-free credit, overdraft interest rate exemption, concessions on electricity bills etc. available otherwise to MSME sector to be made available to ERSO industry as well irrespective of the size of the units.

n) Reduce E-waste and Plastic waste generation in the country by improving product life, reducing the need for precious metals and plastic globally.
1.2 SCOPE

This policy aims to streamline and simplify the procedures to make India, a global repair, calibration and refurbishment hub, for IT and electronic products. This policy shall be applicable to all the existing entities and to entities intending to set up repair & calibration units in Domestic Tariff Area (DTA), Special Economic Zones (SEZ) / Free Trade Warehousing Zones (FTWZ) / Special Electronic Repair Zones (SERZ) or in Bonded Warehouses.

1.3 VISION

To position India as a global hub for Electronics repair & calibration services by encouraging, creating and supporting capabilities in our country to create an enabling environment for the industry to compete globally. To generate additional FOREX, new employment opportunities and bolstering GDP growth.

1.4 MISSION

a) Building facilitative programmes and incentive framework to boost Indian electronics repair & calibration services industry.

b) Transform India into a destination / hub for repair & calibration services, in high growth electronics sector
   (i) by encouraging and incentivizing schemes;
   (ii) by simplifying regulations to earn FOREX;
   (iii) by reforming existing regulations;
   (iv) by developing schemes and rules to incentivize the repair & calibration hubs as an attractive national / international destination for the repair and return of defective electronic items leading to increase in value addition.

c) To put in place new and innovative fiscal incentives for upgradation of existing facilities for the ERSO industry. Promote ease of repairs, calibration and refurbishment of electronic products by introducing new and innovative fiscal incentives, augment the existing incentives to the electronics repair & calibration service industry to make the repair service sector globally competitive.

d) Incentivize and facilitate establishment of domestic electronics repair services hubs and SERZs within SEZs.

e) Promote R&D for upgradation of existing technologies and development of new superior technologies for repairs of defective electronic products, for domestic as well as global markets and develop capacities for repairs in all sub-sectors of electronics.
f) Setting up of Electronics Repair Services Outsourcing Mission (‘ERSOM’) with participation from Government and Industry, so as to evolve and monitor the implementation of this Policy. The ERSOM to be headed by a ESDM industry veteran to be nominated by the Minister for Electronics and Information Technology.

g) To make India the world leader in this sector and enable her to achieve the target of USD 5 trillion economy.

h) Inclusion of ERSO under National Policy of Electronics and create Development Fund for ERSO, to avail the benefits of
   (i) Capital Subsidy Schemes for Investments and
   (ii) Incentives on purchase / lease of Land

i) Change mindset of the OEMs to prioritize India as a repair, calibration and refurbishment hub for both international and domestic electronic repairs & calibration.

j) To become an attractive area for investment with good returns and attract global investors. Key drivers which may lead to huge investment in India are:
   (i) Strong Demand for refurbished electronic equipment
   (ii) Possibility of damage to products under warranty

k) To make E-waste disposal facilitation in India at par with the global competitors.

l) To organize regular workshops and seminars with OEMs to sensitise, motivate and incentivize and then to prioritise and project the use of Indian repair hubs.

1.5 Guidelines for repairs, calibration, generation of waste and harvesting

The Director (ERSO) to issue guidelines for:

a) Setting the best industry practices for ERSO including the setting up a ‘Common Repair Knowledge Portal’ which will act as a repository of repair knowledge, harvesting best practices and serve as a data resource mine for equipment failure and troubleshooting in India.

b) Methods and processes for minimizing repair & calibration costs,

c) Generation and handling of repair scrap / waste

d) Harvesting (i.e., removing) good and useful parts and material from unrepairable units

e) Utilization of harvested parts for repairing other defective units etc.

1.6 Specific provision to prevail over the general

Where any specific provisions are spelt out in this ERSO Policy, the same shall prevail over the general provisions.

1.7 MeitY as a facilitator of electronic repair units in India

Ministry of Electronics and Information Technology (MeitY) shall coordinate with the concerned Ministries and Departments to provide support to the industry for rapid and robust expansion of electronic repair & calibration service outsourcing sector within India. MeitY shall work out details and facilitate decisions by the Government on the measures as indicated in this Policy. For this purpose, MeitY will establish a separate Directorate for ERSO under the head of a Director General.
1.8 Implementation mechanism

a) Create institutional mechanism in the form of an autonomous body under MeitY, Government of India for implementation of this Policy, to review the implementation status and provide timely strategic recommendations / decisions.

b) Set up an institutional mechanism within MeitY for mandating compliance to standards for electronic repairs, calibration and also promote global standards, develop frameworks to evolve standards based on global benchmarks for electronic repair industry.

c) Create and maintain clear accountability for policy implementation and also to build the necessary governance structure for (a) and (b) above. The following governance structure / hierarchy within MeitY is proposed for assigning specific roles and job functions under this ERSO policy for its effective and efficient implementation.

d) Promote and support contributions and participation of domain experts from Government, academia, start-ups, and industry in national and global standard forums.

1.9 Awareness

Awareness shall be created through media, campaigns, conferences, workshops, seminars, promotional events etc. about this policy and also about electronic repair services hubs in India including SERZs (within SEZs). MeitY, Government of India will take the lead role in this regard. Other Ministries and Departments and their agencies, State/UT Departments and their agencies will also be responsible for creating awareness. Director (Publicity & Promotion) under the DG ERSO to be responsible and accountable for this.

The Government can from time to time review the progress of the sector and introduce specific provisions to promote its growth for enhancing India’s repair capabilities and making them globally competitive. The Government of India may endeavour to include Electronic repair & calibration services as part of the Foreign Trade Policy of the country.

1.10 Power to amend the policy

With approval of the Minister of Electronics and Information Technology, MeitY shall, review and amend various aspects of this Policy, based on the experience gained during its implementation, market dynamics, feedback from stakeholders, etc. The Policy shall be reviewed every two years or earlier on need-to basis.
2. **Setting Up of Electronic Repair Facilities in India**

2.1 **Provision to Set Up Repair & Calibration Facilities in India**

a) Any legal entity is eligible to establish repair facilities in India.

b) Government through Director (ERSO) under JS (Electronics) to identify clusters with sufficient infrastructure to establish electronic repair hubs/units throughout India.

c) One application to obtain the following registrations shall be submitted for setting up electronic goods repair clusters/hubs:
   i) Goods and Services Tax (GST) Number;
   ii) PAN Number;
   iii) Import-Export Code (IEC) Number;
   iv) Small Scale Industries (SSI) / Micro Small and Medium Enterprises (MSME) Registration, as applicable; and
   v) Registration with State Pollution Control Board.

d) Facilitate loans to the industry at competitive rates to establish or expand electronics repair hubs.

e) Formulate suitable schemes or provisions including financial support mechanisms to encourage setting up of new repair units and/or to expand existing units in the electronics repair services industry.

f) Encourage Industry including start-ups to set up repair facilities in emerging areas of electronics.

g) Support Micro Small and Medium Enterprises (MSME) to set up electronic repair facilities in these hubs.

2.2 **Authority to Specify Procedure**

MeitY through Joint Secretary (Electronics), to specify the procedures to be followed by the unit holders/clusters or by any licensing/Regional Authority (RA) or by any other authority to implement provisions under ERSO Policy. Such procedures shall be appropriately notified through a separate policy document as necessary.
2.3 Mandatory documents for setting up a repair, calibration, refurbishment facility and services in India

a) Proof of Constitution of Business-like Partnership Deed, Certificate of Incorporation / Articles and Memorandum of Association of the Company, as applicable;

b) PAN Card of the entity / unit holder;

c) PAN card, (ii) Aadhar card, (iii) Passport and (iv) Photographs of each Partner / Promoter / Director / Stakeholders and Authorized Signatories of the entity / unit;

d) Latest tax paid receipts for owned premises or / Rent / Lease Agreement of the premises;

e) Copy of Cancelled Cheque of Bank Account / Bank Certificate regarding primary accounts maintained of the entity / unit;

f) Other documents as per the local laws in the State in which the repair facility is proposed to be situated.

2.4 Handbook of procedures specifying the procedures and documentation requirements

For effective and seamless implementation of the ERSO Policy, Government of India through MeitY would publish a separate Handbook of Procedures setting out the detailed procedures and the documentation requirements. The Handbook will be marked to Ministry of Finance, Department of Revenue, Ministry of Commerce, Ministry of Environment, Forests & Climate Change, Chief Secretaries of all States & Administrators of UTs.

2.5 One desk clearance

To facilitate the setting up of repair and services units, entities / the unit holders may file prescribed application and supporting documents with Director ERSO, under JS (Electronics) whose desk will be a single point under the overall control of Ministry of Electronics and Information Technology. For this purpose, the Ministry would create a common digital portal. Other permission(s), if any, from other regulatory authorities / agencies would be obtained online without physically contacting the concerned authorities / agencies through the said common portal.

This would minimize interface with governmental agencies, save time / cost of doing business and would improve the ease of doing electronic repair business in India. This would also ensure transparency, reduce duplicity and lead to optimal utilization of human resources.
2.6 Promotion of product repairability

Director (ERSO) under JS(Electronics), Government of India in collaboration with the ERSO industry and other stakeholders may globally organize promotional events regarding ERSO policy, capabilities of Indian vendors to repair the electronic goods and the comparative advantage of India in the global Electronic Repair map.

2.7 Support states

States should proactively provide conducive environment, infrastructure and encouragement to attract investments to set up electronic repair facilities / clusters / hubs.
3.1 Green channel facility

In order to overcome time disabilities as highlighted in Table 1.4 above, the ERSO applicants shall be Facilitated with Green Channel by Customs wherein, the burden of validation and the responsibility to adhere to all checks and balances in respect of the subject import may be cast upon the importing company / unit. There shall be appropriate provisions for stringent penal action against those parties who misuse this facility / provision. In case any party is found misusing the green channel facility, it will be immediately disabled from using such facility for such a period as fixed by the Director, ERSO, who will issue show cause notice(s) and adjudicate the matter expeditiously in accordance with the principles of natural justice. Appeals against the orders of the Director ERSO would be maintainable before the Joint Secretary (Electronics).

3.2 Single window in customs

All supporting documents to clear imported / exported goods will continue to be uploaded online in ICEGATE or any other platform prescribed by the Ministry of Finance from time to time. Permission from Participating agencies, if any, to be obtained online. Director (ERSO), will be responsible for coordination among all stakeholders.
4.1 Self certification / regulation

a) For the purpose of verification and expeditious identification of the repaired goods meant for re-export, a self-certification / regulation process may be followed wherein, the importer entities may be responsible to validate the identity of the goods. Any misuse or mischief of this facility will attract penal action as suggested in Paragraph 3.01 above.

b) Risk Management System (RMS) module may be introduced in the common portal, to verify identity of repaired goods being exported.
   i) For regular low-value and high-volume items tracking may be undertaken based on the model numbers of the goods;
   ii) For these quantity tracking may be based on First In First Out (FIFO) accounting principles;
   iii) Inward and outward movement of defectives imported for repairs can be tracked online;

c) Treatment of Electronics Goods Beyond Economic Repair: Imported defective goods which cannot be repaired due to techno-commercial reasons, may be permitted to be destroyed within the premises of the unit subject to applicable regulatory compliances for such destruction. Alternatively, such unrepairable items can be moved to recyclers authorized by Ministry of Environment. Obligation to re-export such unrepairable items will not be applicable on the unit. **However, such unrepairable items cannot be more than 15% of the total imports.** Anything in excess of this limit will have to be re-exported out of India.

d) Change in Export destination: Under the provisions of this Policy, an ERSO unit engaged in Repair and calibration services will not be under an obligation to export the imported electronics goods to its port / country of origin and will be permitted to redirect it to the port / country of choice basis communication from the owner to this effect. Thus, goods for repair may be imported from a country A but under this provision of the Policy, the owner of the goods may request for delivery to another destination in country B as long as requisite conditions under law are satisfied.4

4.2 Exemptions

The following exemptions may be provided to the domestic electronic repair industry to make India an international electronic repair hub and to minimize competitive disadvantages:

a) The Goods and Services Tax (‘GST’) paid may be available as Input Tax Credit (‘ITC’) and refund of same should be permitted in case of export of services;

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4. This provision is required to enable Global repair customers to direct repaired electronic goods to destinations other than Country of Origin as per their business needs.
b) Requirement of a Bulk SCOMET license to re-export repaired goods, or to temporarily re-export goods for repairs may not be insisted;

c) Currently the non-repairable goods are not permitted to be moved to the authorized recyclers in SEZ as per the existing Customs laws. Necessary amendments may be made to extend such facility;

d) Such re-exports to be facilitated based on self-certification of products being Beyond Economic Repair by the repairing entity;

e) Benefits under Services Schemes like SEIS be extended to ERSO units.

4.3 Time period for re-exportation of goods

Undertaking repairs and exporting repaired goods in a time bound manner will be useful to trade and industry. Therefore, an outer limit of 365 days is fixed as the time period within which the units should re-export the repaired goods outside India under this Policy.
5. INCLUSION OF SPECIAL ELECTRONIC REPAIR ZONES (SERZ) WITHIN SPECIAL ECONOMIC ZONE (SEZ) SCHEME

5.1 Setting up independent SERZ within existing SEZ

The Government may provide the following concessions and facilities to set up SERZs within SEZs:

a) To set up a single window clearance mechanism for speedy implementation of ERSO entities within SERZ/SEZ projects, all the State Governments / Departments may delegate the powers to the Development Commissioners and the Unit Approval Committees for obtaining all the approvals and permissions mandatorily.

b) All the intended fiscal exemptions and benefits framed under the SEZ Act, 2005 and the Rules made thereunder including exemption from the State and local taxes, levies and duties may be made applicable to the SERZ units within SEZ.

c) Support Micro, Small and Medium Enterprises to set up repair facilities in SERZ.

d) Provide budgetary provisions to disburse incentives to approved projects.

e) Lending to SEZ developers to be categorized as ‘infrastructure lending’ instead of ‘commercial real estate sector lending’. This will help the developers in obtaining bank loans at a lower rate of interest.

f) Loans to be provided to repair units at concessional rate of interest.

g) Unused spare parts and unrepairable items may be allowed to be exported to any country and enabling amendments may be made in the applicable provisions and notifications.

h) Government may extend the subsidies, concessions on tax and aid in investment etc. for setting up of repair units in SEZ facilities or as separate SERZs subject to its international treaty obligations, if any.

i) Repair units may be incentivized through PLI Schemes, based on the number of repairs undertaken by them for domestic as well as overseas customers or such other parameters that may be evolved by the Government from time to time.

k) Government may set up model Electronics and Information and Communications Technology Centers to provide training to special educators and to physically / mentally challenged persons. Government may provide technical corridor to develop specialized skills for electronic repair industry. Providers of such trainings may be entitled to financial benefits.

l) Promote and support contributions and participation of domain experts from government, academia, start-ups, and industry in national and global standards for electronic products.
m) Exemption from Minimum Alternate Tax (MAT) and Dividend Distribution Tax (DDT) may be extended to encourage investors to set up electronic repair unit developers in SERZ area.

n) Such other incentives and relaxations may be provided to emphasize repair activity in SERZs.

o) 100% Foreign Direct Investment (FDI) may be permitted through automatic route.

p) Conducting Research & Development, use of innovation, ideas, technology etc. whether indigenous or outsourced from abroad.

q) Set up a framework to incorporate principles of sustainability and environmentally sound management of electronic goods throughout their life cycle, across all sub-sectors of electronics, from the design, production to end-of-life disposal.

r) ERSO Units would be eligible for 100% Income Tax exemption on export profits under Section 10AA of the Income Tax Act for 10 years, 50% for next 5 years thereafter and 50% of ploughed back export profit for next 5 years.

5.2 Import of Indian origin defective goods for repair into SEZ from DTA & import of foreign origin defective goods for repair into SERZ/SEZ from abroad

a) The receipt of goods at the SERZ gate may be cleared in a time-bound manner and based on incoming or outgoing documents.

b) Goods beyond economic repair can be scrapped through Pollution Control Board (PCB) authorised Recyclers or Exported through Recyclers in SEZ Zone.

c) Goods may be checked on random basis.

5.3 Return of repaired goods to DTA from SEZ

a) Risk Management System (RMS) based mechanism may be introduced for inspection on the common portal.

b) Payments from DTA may be in INR and not in foreign currency.

5.4 Re-export of repaired goods out of India from SEZ / FTWZ

a) RMS mechanism may be introduced for inspection on the common portal.
6.1 Setting up repair facilities in bonded warehouses

Government may provide the following concessions to set up repair units in bonded warehouses:

a) Subsidy to be provided on interest paid on loans obtained from financial institutions.

b) Repair units should be incentivized based on income generated / earned in FOREX and in INR.

e) The Government of India shall specially recognize entities undertaking complex high-end repairs of niche electronic equipment.

6.2 ERSO documentation in bonded warehouse and single duty payment under TR-6 challan

Procedure for undertaking repair and refurbishing activities in bonded warehouses

a) Licensees may be allowed to calculate BCD, IGST and Compensation Cess payable on each Input used in manufacture of resultant products (and which are cleared for home consumption) during the month and discharge the duty liability through one manual TR-6 challan on a monthly basis.

b) Existing column 61 may be eliminated and BCD, IGST, Compensation Cess paid for each Input / each line item may be updated.

c) One common data like TR-6 challan No., BSR Code of duty collection Bank, Bank’s Challan No. and date of duty payment may be updated as a single entry for the month.

d) Existing procedure in ICEGATE may be modified to permit filing of one ex bond Bill of Entry against multiple warehousing Bills of Entry. One ex bond Bill of Entry may be filed for all the Inputs contained in the resultant products removed to DTA during the month.

e) The procedure followed by EOU / EHTP may be extended to units operating under Section 65 of Customs Act so that the transaction costs can be minimized. This will also create similarity in procedures for EOU / EHTP and for units operating under Section 65 of Customs Act, 1962 on Inputs used to manufacture resultant products (and which are sold in DTA).

f) In order to facilitate hassle free clearance of imported goods at Customs stations, affixation of identity tags / stickers in bonded warehouse after import may be allowed.

5. For backgrounder of the content under this head, kindly refer to Annexure-1.
g) Licensees operating under Section 65 of Customs Act, 1962 shall be permitted to access data from ICEGATE / SEZ portal pertaining to their bonded warehouse code.

h) Access shall be provided to warehouse keeper through separate login / user ID and password. It is essential that such transfer of data from ICEGATE / SEZ portal is available in editable excel formats.

k) Licensees operating under Manufacturing & Other Operation Warehouse Regulations (‘MOOWR’), 2019 may be permitted to de-bond imported capital goods at depreciated values. Depreciation slabs as per para 4 of Notification 52/2003-Customs may be incorporated under MOOWR, 2019.

l) Endeavors shall be made to reduce the compliance burden and maintenance of records.

m) For low-value and high-volume items, tracking of goods may be permitted on the basis of model numbers instead of serial numbers, as the serial numbers might get wiped off / obliterated during transport /repair or due to normal wear. Basing on model numbers therefore will be an alternate mechanism for identification of such items. The details about Risk Management System on the common portal which can be used in this regard are covered in Paragraph 4.01 above.

n) Online portal should be there to track in and out movements of the defective lots coming for repairs.

o) There may be quarterly vetting of serial number / model number to avoid delay in customs clearances while importing and exporting.

6.3 Time bound clearances and approvals

a) In order to achieve a Turnaround time of less than 4 days (Refer Table 1.4), a green channel facility will be introduced based on the principle of ‘self-certification’ in line with Government of India’s commitment of minimum governance. This would mean that the company itself will validate and satisfy all the checks and the balances by following the norms set by the government.

b) Green channel may be self-governed by the companies by eliminating the customs authorities or government authorities from physically coming and validating the goods, as that will result in decreasing the time span in clearances.

c) This green channel facility should leave the accountability with the units themselves, to perform better and to eliminate the time lag during clearances which will ensure strict turnaround time.

d) A time-bound mechanism will be set up wherein necessary documents are uploaded before the repairable goods shipment leaves the country of origin and by the time it reaches the destination port, all the documents are vetted, and the inspection is already done, so that consignment that is received is not left at the port unattended leading to time & cost over runs.

e) While undertaking export of repaired goods, the necessary documents would be uploaded before the shipment leaves India and within a span of 2 hours all the documents would be vetted.

f) In case of any prophylactic inspection, the same may be done in the warehouse in a timebound
manner ensuring that the entire process is completed in 6 hours. This shall help in reducing the time taken for clearance procedure.

6.4 Triple duty bonds
a) Alignment in procedures with respect to the validity of triple duty bond at all custom stations may be necessitated.

b) All-inclusive bond, (similar to B17 bond for EOU’s) shall be made applicable for warehouses licensed to operate under Section 65 of Customs Act. This bond may be accepted by Commissioner of Customs issuing IBMSO. Bond accepting authority may update Bond details against the warehouse code in ICEGATE. Customs authorities at different ports through which goods are imported can debit duty deferred amounts to this all-inclusive bond. Licensee shall be able to submit re-warehousing certificates to Customs at respective customs stations.

c) Guidelines may be issued to Trade / Industry and field Officers regarding procedure to cancel triple duty bonds in a time bound manner.

d) A centralized mechanism may be introduced for execution of bonds and adjustment from them based on the transactions.

6.5 Non-repairable defective goods
a) Defective goods which cannot be repaired due to non-availability of replacement parts, older models, limited residual life after repairs or due to other techno-commercial reasons may be permitted to be moved to recyclers in SEZ. Deemed Exports / exports to SEZs should be considered as fulfillment of export obligation under Notification 134/94-Customs dated 22.06.1994. Suitable clarification by CBIC will eliminate operational bottlenecks due to varied interpretations by Customs officers.

b) Repair vendors in SEZ are permitted to transfer unrepairable goods to authorized recyclers in SEZ. This facility may be extended to repair vendors in DTA as well subject to the overall cap of such items being not more than 15% of the particular repair consignment or 15% of the overall imports of repairable goods in a year by that repair company.

c) Suitable procedure may be formulated to remove process wastes / scraps arising from export and DTA transactions.

d) Repair vendors may be permitted to remove (harvest) good parts from unrepairable units and use such harvested parts to repair other defective units. Details of Inputs harvested and serial number of unrepairable units from which they have been harvested may be updated in ERP. This is a transparent process to account harvested parts in bonded warehouse records. Suitable guidelines may be issued by CBIC. The harvested parts are to be used for repair and would not be meant for sale in India as parts.

6.6 Time period for re-exportation of goods
The goods which have been imported into India for repairs must be re-exported within a period of 365 days.

6. For background Note on Triple Duty Bond, kindly refer to Annexure-2.
7. DISPOSAL OF UN-REPAIRABLE DEFECTIVE GOODS IN INDIA

7. SCOPE

The general provisions governing disposal of un-repairable defective goods in India are dealt with in this Chapter.

7.1 E-waste management

a) Specific agencies may be notified for scrapping and scrap management and companies may handover scrap to the notified agencies only, for either destruction / harvesting of parts. The total unrepairable goods that may be permitted for e-waste recycling in India (SEZ/ MOOWR/DTA) will be limited to 15% of total electronics goods imported for repair by the Repair company concerned.

b) The said notified agency may be made responsible to export the e-scrap to the country of origin and /or destruction as per the norms laid down by the Ministry of Environment.

c) A certificate from the concerned jurisdictional authority would be necessary.

d) The notified recyclers / agencies may also be set up in SEZs where they can dismantle the product and then recycle the same. Presently all EEA imported to SEZs have to give an undertaking for re-export. The requirement needs to be modified in a manner so as to permit unrepairable goods which were initially imported for repair are permitted to be recycled by local recycling units (subject to the cap that they are not more than 15% of total EEAs imported). The requirement of exporting repairable goods to country of origin may be done away with and it may be permitted that Goods can be dispatched to any destination as per requirements of business.

7.2 Compliances by repair units

a) The repair units may only be required to comply with the E-Waste (Management) Rules, 2016 duly amended to incorporate provisions wherein Repair units are permitted to locally dispose to authorized recyclers the imported equipment which is unrepairable or Beyond Economic Repair subject to the proviso that such equipment does not exceed 15% of the total numbers imported by the Repair unit.

b) Being a repair activity, which is distinct from manufacturing of new equipment, the requirement of Extended Producer Responsibility (EPR) Authorization and compliances thereon may be dropped / deleted to facilitate ease of doing business for repair units which handover the unrepairable goods to the certified / notified recyclers.

d) Government in consultation with Ministry of Environment may devise a framework to ensure environmental compliances in the spirit of Ease of Doing Business. The responsibility for implementation of these compliances will be delegated to the State Pollution Control Board (SPCB) and the returns shall be filed with the Central Pollution Control Board (CPCB) under provisions of E-waste Management Rules 2016 (as amended).

7. This is an Amendment sought to instructions issued by MoEF&CC with respect to Import/export of Hazardous Waste/Other Wastes under Hazardous and Other Wastes Management, Handling and Trans-boundary Movement) Rules 2016).

8. checklist_hazardous_waste.pdf (moef.gov.in)
7.3 Government measures for e-waste management

a) Government shall promote research, innovation, and support to industry for green processes and sustainable e-waste management, including inter-alia facilitation of citizen engagement programs for safe disposal of e-waste in an environment friendly manner, development of e-waste recycling industry and adoption of best practices in e-waste management.

b) Promote eco-park in each State for processing of e-waste in environment friendly manner in PPP mode to integrate formal and informal operators.

c) There may be establishment of durability, reparability, and recyclability requirements for selected electronic products to ensure material resource efficiency.

d) All the procedures may be streamlined and made online where permissions can be applied, and approvals may be obtained over the mail which shall not exceed the prescribed time lines.

e) No licensing regime or permits may be necessary for Repair units for destroying the un-repairable equipment as per the prescribed procedure subject to this activity being undertaken by Recycler duly authorized by the Government of India. Government may list out the authorized recylers to recycle the E-waste (non-repairable) products to avoid unnecessary logistics costs and time overruns while sending back the scrap / e-waste / unrepairable items to the country of origin. This will also assist in capacity utilization for recycling industry and extraction of precious and rare earth elements for national use.

f) The Environment Ministry may actively help the recyclers who are engaged in recycling of E-waste by incentivizing them.

g) The Ministry of Environment may extend its support towards this initiative by setting up a hassle-free e-waste management process for electronic repair units.

h) The Ministry may address all E-Waste related concerns and ensure its non-diversion in the country.

i) E-waste may be disposed with certified organization / entity and limited licenses for such entities may be issued very carefully. Repair vendors are required to either dispose scrap parts and meet regulation requirements locally or return them back to the country of origin or to a third country.

j) The Ministry may ensure that adequate training is imparted to improve the capability of recyclers to process electronic waste in India.

k) The Ministry of Environment Forest and Climate Change may utilize the e-waste recycling of unrepairable electronics goods for generating carbon credits from companies whose unrepairable electronic were not exported back to Country of Origin but were recycled in India.
Digital measures
1. An e-governance cell may be established to support the existing policy and strategies in accordance with the requirements of the Government aligning with its general policies. A common portal may be established for the ERSO industry for seamless implementation of this policy.

Benefits under Labour laws
2. Government intends to undertake several initiatives to make the particular State’s environment, the most optimal environment for the corporate units and therefore it may:
   - Amend / relax / exempt the relevant provisions of the specific state’s Shops and Commercial Establishments Act, to make it more suitable for the electronic repair entities. It may allow the units to:
     - Employ women and young persons (between age group 18 to 21) during night shift, subject to provision of adequate security and transport;
     - Have ‘flexi-timing’ by asking an employee to work for more than eight hours a day, without exerting an additional financial burden on the companies / units, in terms of overtime payments, as long as the statutory requirement on the maximum weekly working hours is respected;
     - Operate twenty-four hours a day;
     - Operate 365 days in the year;
     - Reduce the procedures involved in retrenching employees.
   - The Government will promote the companies investing in Electronics Repair in imparting of specialized skills through a curriculum.
   - The Government will facilitate repair companies to partner with it and academia to bridge the skill deficit and creation of specialized talent pool for the ERSO industry.

Product-Linked Incentives:
3. The government may announce various promotional initiatives and incentives for the electronic repair sector. Such initiatives may include providing high quality infrastructure, office space, supportive government, venture capital support, high quality manpower, IT training facilities, administrative support like state level statutory clearances, hassle free acquisition of land, relaxations with regard to land and its usage, exemption from stamp duty, reliable telecom network, uninterrupted power supply, provision of incubation centers, single window clearances, other social amenities, supportive labour law environment etc.

Concessions w.r.t electricity usage:
4. Priority in providing electricity connection may be given by the concerned Government to electronic repair units for seeking connection for setting up electronic repair units.
Investment benefits:
5. All investments exceeding ____ crores and creating more than ____ jobs would be channeled through an empowered committee for faster establishment and setting up of units in the state.

Property registration advantages:
6. Registration fee on property transactions may be exempt by the concerned state in respect of ERSO.

Social Incentives:
7. Certain social incentives may be made available such as corporate health services, golf courses, international schools, by encouraging private initiatives.
8. Repair units under the ERSO policy may be granted special incentives for the employment of women and specially-abled workforce.
**DEFINITIONS**

a) **Disposal** - Disposal means any operation which does not lead to recycling, recovery or reuse and includes physicochemical or biological treatment, incineration and deposition in secured landfill.

(Source - Rule 3(m) of the E-Waste (Management) Rules, 2016)

b) **E-Waste** - E-waste means electrical and electronic equipment, whole or in part discarded as waste by the consumer or bulk consumer as well as rejects from manufacturing, refurbishment and repair processes.

(Source - Rule 3(r) of the E-Waste (Management) Rules, 2016)

c) **Export** - Export, with its grammatical variations and cognate expressions, means taking out of India to a place outside India.

(Source - Section 2(18) of Customs Act)

d) **Import** - Import, with its grammatical variations and cognate expressions, means bringing into India from a place outside India.

(Source - Section 2(23) of Customs Act)

e) **Refurbishment** - Refurbishment means repairing of used electrical and electronic equipment as listed in Schedule I for extending its working life for its originally intended use and selling the same in the market or returning to owner.

(Source - Rule 3(ff) of the E-Waste (Management) Rules, 2016)

f) **Repair** - To mend, remedy, refurbish, rebuild, reconstruct, renovate, to restore to a sound or good state after decay, injury, dilapidation, or partial destruction. The word “repair” contemplates an existing structure or thing which has become imperfect and means to supply in the original existing structure that which is lost or destroyed, and thereby restore it to the condition in which it originally existed, as near as may be.

(Source - Black's Law Dictionary)

g) **Spares** - Spares means a part or a sub-assembly or assembly for substitution which is ready to replace an identical or similar part or sub-assembly or assembly including a component or an accessory.

(Source - Rule 3(ii) of the E-Waste (Management) Rules, 2016)

**GLOSSARY (ACRONYMS)**

a) **ERSO** - Electronic Repair Outsourcing Organisations

b) **SCOMET** - Export of Special Chemicals, Materials, Equipment and Technologies.

**ACRONYM EXPLANATION**

a) **ERSO** - ERSO is an acronym for Electronic Repair Outsourcing Organisation is setting up of a hub in India wherein a company will import defective electronic parts from across the world for repair and will export it back post repair (subject to certain conditions).

b) **SCOMET** - SCOMET is an acronym for Special Chemicals, Organisms, Materials, Equipment
Electronics Repair Services Outsourcing (ERSO)

and Technologies. Export of SCOMET listed in the Appendix-3 of SCOMET list is permitted only against an export authorization issued in this behalf unless export is prohibited or is permitted without authorization subject to fulfillment of conditions, if any, as indicated under/against any specific category or item.

(Source - Appendix-3 of SCOMET list)

CONCLUSION

The document has been prepared after intense consultation with electronic repair and calibration industry, recycling industry, custom experts and policy experts. The policy recommended takes into account existing disabilities in the export/import procedures, lack of free trade warehousing, delays due to environmental clearances and the lack of ability to hold inventory locally. It has endeavoured to tide over these challenges and suggest changes that help overcome existing challenges to make India the Global Repair and Calibration Capital of the World. The policy can only be successful with intense inter-ministerial synergy.

With the Government's commitment to make India a Global manufacturing and Services powerhouse, the Electronic Repair and Calibration industry, which is at the cusp of an astronomical growth opportunity, will be the next sunrise sector for India.
**BACKGROUND NOTE ON ERSO DOCUMENTATION IN BONDED WAREHOUSE AND SINGLE DUTY PAYMENT UNDER TR-6 CHALLAN**

Procedure for undertaking repair and refurbishing activities in bonded warehouses

a) Payment of deferred duty on Inputs used to repair defective goods removed to DTA:

Under MOOWR, 2019, when imported Inputs are used in resultant products which are removed to DTA, deferred duty has to be paid before GST invoices are generated. For each resultant product, Inputs from several into Bond Bills of Entry will be used. Under ICEGATE, separate ex bond Bill of Entry has to be filed for each warehousing Bill of Entry. Filing several ex-bond Bills of Entry for each DTA transaction substantially increases transaction cost and delays clearances of resultant product to DTA.

Under EOU/EHTP scheme, duty benefit availed during import of Inputs has to be reversed, before resultant products are removed to DTA. Basic intention of EOU/EHTP scheme and MOOWR, 2019 are to ensure that duty-free benefits availed (on Inputs) at the time of import are reversed/discharged before resultant products are removed to DTA.

Vide Public Notice No. 25/2021 dated 27.05.2021, Commissioner of City Customs Commissionerate, Bengaluru had issued Standard Operating Procedure (SOP) to EOU/STP/EHTP units. As per this Public Notice, duty can be paid through manual TR6 challans for each transaction or duty can be paid in advance through manual TR6 challan. Reconciliation statement between advance duty paid and actual duty payable can be submitted along with monthly report.

It is requested that this facility may be extended to entities operating under MOOWR, 2019 and data can be updated in columns 61 to 67 of prescribed Annexure ‘B’ in the monthly report. Further details like TR-6 challan No., BSR Code of duty collection Bank, Bank’s Challan No. and date of duty payment can be updated as credit entries for the month.

Input Tax Credit (ITC): IGST amounts paid as per column 67 of Annexure ‘B’ should be available as ITC to units operating under MOOWR, 2019. As per Rule 36(d) of Central Goods & Services Tax Rules, 2017, ITC is allowed only against Bill of Entry or any similar document prescribed under the Customs Act, 1962 or rules made thereunder for the assessment of integrated tax payable on imports. It is requested that necessary clarifications may be issued under GST regulations.
b) Identity of defective goods at Customs stations:

Notification 134/94-Customs dated 22.06.1994 does not stipulate that identity of goods imported or exported should be established to satisfaction of Customs Officers. Clarification from CBIC that establishing identity of goods imported for “Repair and Return” are not applicable to goods imported at Sl. No. 10 of table attached to notification 134/1994 - Customs, will reduce dwell time at Customs stations and attendant demurrage/storage costs in warehouses. In repair services & calibration industry, overall turnaround time (TAT) is very important. Failure to adhere to agreed TAT can lead to loss of business with global OEM’s.

c) Affixing of identity tags/labels:

As per ISO requirements, tracking identity of each material from receipt till despatch of resultant products are mandatory. To comply with this requirement, serial number identity tags have to be affixed on every defective unit received in the bonded warehouse. Existing Circular 03/2019 - Customs dated 31.01.2019, provides this facility only for certain statutory requirements. It is requested that similar Circular may be issued to entities operating under MOOWR, 2019 or existing Circular 03/2019-Customs dated 31.01.2019 may be amended to permit affixing identity tags after goods are received in bonded warehouse.

Tracking of goods may be permitted on model number instead of serial numbers as it might get wiped off during transport /repair. Model numbers are an alternat mechanisms.
Annexure-2

BACKGROUND NOTE ON TRIPLE DUTY BONDS

Entities licensed to operate under MOOWR, 2019 have to execute triple duty bonds. Two Customs stations in Bangalore zone have different validity periods for triple duty bonds. It is preferable if CBIC could specify uniform validity period for triple duty bonds executed at all Customs stations in India. Since warehousing periods for entities under MOOWR, 2019 are unlimited, Customs stations may be advised to consider re-warehousing certificates furnished by the entity and cancel triple duty bonds in time bound manner.

Alternate proposal -B17 Bond:

Even though EOU/STP/EHTP units have ceased to be bonded warehouses from 13.08.2016 onwards, they are still being operating under all-inclusive B17 Bond. It is requested that similar all-inclusive bond may be made applicable for warehouses operating under MOOWR, 2019. This bond can be accepted by office of Commissioner of Customs issuing IBMSO and bond details can be uploaded against warehouse code in ICEGATE. Duty deferred amounts can be debited by Customs authorities at ports of importation to this all-inclusive bond. Licensee can submit on monthly basis, re-warehousing certificates to Customs at respective customs stations.

From duty credits data in monthly return (Annexure ‘B’), jurisdictional Customs Commissionerate can credit total duty for the month in ICEGATE. This simplified procedure can minimize transaction costs to Licensees / Customs, and it will be a step towards “Ease of doing business”.

Access to data from ICEGATE.SEZ portal:

Licensees operating under Section 65 of Custom, 1962 may be permitted to access data from ICEGATE/SEZ portal pertaining to their bonded warehouse code in editable excel formats. This will facilitate updation of data in prescribed Annexure ‘B’ (monthly report). Access may be provided to warehouse keeper through login /user ID and password.

Debonding of imported capital goods:

Licensees operating under MOOWR, 2019 may be permitted to de-bond imported capital goods at depreciated values. Depreciation rates in para 4 of Notification 52/2003-Customs may be incorporated under MOOWR, 2019.
Endeavors shall be made to reduce compliance burden and maintenance of records.

Tracking of parts shall be undertaken based on model number (instead of serial numbers) as serial numbers might get wiped off during transportation/repair.

**Mapping of warehouse code in ICEGATE**

As per Advisory No. 33/2020 dated 16.09.2020, issued by DGOS, ICES, code of warehouses operating under Section 65 of Customs Act, 1962 have to be mapped in ICEGATE.

Trade and industry are unable to link warehouse code to address of their bonded warehouse. Hence MOOWR entities are unable to file ex bond Bills of Entry relating to goods warehoused more than one year. ICEGATE is considering such ex bond Bills of Entry are emanating from warehouse operating under Section 58 of Customs Act, 1962. Consequently, ICEGATE considers tariff rates of duty prevailing on date of expiry of initial warehousing period of one year and interest is calculated under Section 61(2) of Customs Act, 1962. FAG Officer processing such ex bond Bills of Entry will consider that ex bond Bills of Entry have been filed after initial warehousing periods have expired and impose penalty.

CBIC/DG of ICEGATE are requested to resolve this technical glitch at an early date.
### RE-IMPORT OF INDIAN ORIGIN & IMPORT OF FOREIGN ORIGIN DEFECTIVE GOODS FOR REPAIRS

Existing compliances involved in Electronic Repairs in India (in DTA / SEZ / SERZ / FTWZ / Bonded Warehouses) along with the Challenges / Bottlenecks being faced by the industry / units and the regulatory and other suggestions for facilitating ease of business for such ERSO units under the draft ERSO Policy

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Existing law / provision that needs to be amended</th>
<th>Particulars of the existing law that need to be amended</th>
<th>Challenges / bottlenecks faced / current practice</th>
<th>Amended provision / law, as suggested in the draft ERSO policy</th>
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<tr>
<td>1</td>
<td>Section 25 of the Customs Act, 1962 and Notification No. 158/95 - Customs dated 14.11.1995 read with Notification No. 43/2017 – Customs dated 30.06.2017 &amp; Section 25 of the Customs Act, 1962 and Notification No. 153 / 94 - Custom, dated 13-07-1994, read with Notification No. 43 / 2017 dated 30.06.2017</td>
<td>Re-import of Indian origin goods and parts thereof for repairs, reconditioning, reprocessing, remaking, or similar other process – Exempted</td>
<td>Serial number tracking This additional transaction increases logistics cost, cycle time to import/repair defective goods and they erode the competitive advantage of repair vendors in India.</td>
<td>Facilitation of green channel to be provided by the Customs wherein, the burden of validation and the responsibility to adhere to all checks and balances in respect of the subject import may be cast upon the importing company / unit. However, stringent penal action will be taken against those parties who misuse this facility / provision. In case any party is found misusing the green channel facility, it will be immediately disabled from using such facility for such a period as fixed by the DG, ERSO, who will issue cause notice(s) and adjudicate the matter expeditiously in accordance with the principles of natural justice. Appeals against the orders of the DG would be maintainable before the Joint / Additional Secretary ERSO.</td>
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<td></td>
<td></td>
<td>Exemption to goods of foreign origin imported for repairs and return. - Exempted</td>
<td>Extensive time taken for customs clearances - in case of import of defective lots and components for repair process to reach the repair factory Delay in TAT becomes a disadvantage for India when compared to other nations in terms of customs clearances</td>
<td>All supporting documents to clear imported / exported goods will continue to be uploaded online in ICEGATE or any other platform prescribed by the Ministry of Finance from time to time. Permission from Participating agencies, if any, to be obtained online. Director (Co-ordination) ERSO, will be responsible for coordination among all stakeholders.</td>
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<td></td>
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<td>Numerous regulatory requirements</td>
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Facilitation of green channel to be provided by the Customs wherein, the burden of validation and the responsibility to adhere to all checks and balances in respect of the subject import may be cast upon the importing company / unit. However, stringent penal action will be taken against those parties who misuse this facility / provision. In case any party is found misusing the green channel facility, it will be immediately disabled from using such facility for such a period as fixed by the DG, ERSO, who will issue cause notice(s) and adjudicate the matter expeditiously in accordance with the principles of natural justice. Appeals against the orders of the DG would be maintainable before the Joint / Additional Secretary ERSO.
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<tr>
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<th>RE-EXPORT OF REPAIRED GOODS FROM INDIA</th>
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<tbody>
<tr>
<td>2</td>
<td>Regulation 6(A), Foreign Exchange Management (Export of Goods and Services) Regulations, 2015</td>
</tr>
<tr>
<td>3</td>
<td>Section 50, Customs Act, 1962 read with Shipping Bill and Bill of Export (Forms) Regulations, 2017</td>
</tr>
<tr>
<td>4</td>
<td>Section 51, Customs Act, 1962</td>
</tr>
<tr>
<td>Section</td>
<td>Reference</td>
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<tr>
<td>5</td>
<td>Section 41 Customs Act, 1962</td>
</tr>
<tr>
<td>6</td>
<td>Section 25 Customs Act, 1962; and Customs Tariff Act, 1975</td>
</tr>
<tr>
<td>7</td>
<td>Notification No. 153/94 - Customs dated 13.07.1994</td>
</tr>
<tr>
<td></td>
<td>Section 9 of Good and Services Tax, 2017</td>
</tr>
<tr>
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<tr>
<td></td>
<td>Export Policy SCOMET Under FTP 2015-2020</td>
</tr>
<tr>
<td></td>
<td>Notification 134/94-Custom, dated 22.06.1994</td>
</tr>
<tr>
<td></td>
<td>Foreign Trade Policy 2015-2020</td>
</tr>
<tr>
<td>Section</td>
<td>Rule</td>
</tr>
<tr>
<td>---------</td>
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</tr>
<tr>
<td>12</td>
<td>15(1) read with Rule 17(1)</td>
</tr>
<tr>
<td>13</td>
<td>17(2) SEZ Rules, 2006</td>
</tr>
<tr>
<td>14</td>
<td>18(2) SEZ Rules, 2006</td>
</tr>
</tbody>
</table>

### Inclusion of Special Electronic Repair Zones (SERZ) Within Special Economic Zone (SEZ) Scheme

<table>
<thead>
<tr>
<th>Section</th>
<th>Rule</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td></td>
<td>Register on SEZ Online to access the system through a User Id and password. Fill and submit the Application through online mode in the SEZ Online. Submit the print-out of Form-F along with annexures (in hard copy) to the concerned Development Commissioner (DC) of concerned SEZ.</td>
</tr>
<tr>
<td>13</td>
<td></td>
<td>On receipt of the application through SEZ Online and the supporting documents in physical form, DC officials shall verify the same. If the DC finds a discrepancy, he may raise a demand for necessary modifications /clarification /additional documents and applicant shall submit those documents within the stipulated time period as prescribed in the demand. DC shall place the Application before Unit Approval Committee (UAC) for its consideration. [No time limit prescribed]</td>
</tr>
<tr>
<td>14</td>
<td></td>
<td>The UAC shall scrutinize the application as per Rule 18(2) of SEZ Rules.</td>
</tr>
</tbody>
</table>

The SEZ Act provides for setting up of a Single Window Clearance Mechanism for speedy implementation of SEZ Projects. However, many of the State Governments /Departments have not delegated the powers to the Development Commissioners and the Unit Approval Committees due to which SEZ developers have to obtain multiple permissions from state and central authorities for master plan and environment clearance at various levels.

To set up a single window clearance mechanism for speedy implementation of SERZ/SEZ projects, all the State Governments /Departments may delegate the powers to the Development Commissioners and the Unit Approval Committees for obtaining all the approvals and permissions mandatorily.

- All the intended fiscal exemptions and benefits framed under the SEZ Act, 2005 and the Rules made thereunder including exemption from the State and local taxes, levies and duties may be made applicable to the SERZ units within SEZ.
- Support Micro, Small and Medium Enterprises to set up repair facilities in SERZ.
- Provide budgetary provisions to disburse incentives to approved projects.
- Lending to SEZ developers to be categorized as ‘infrastructure lending’ instead of ‘commercial real estate sector lending’. This will help the developers in obtaining bank loans at a lower rate of interest.
| 15 | Proviso to Section 15(3) SEZ Act, 2005 | Applicant shall attend the UAC meeting as notified in the SEZ Online before whom the applicant shall explain as to why they shall be issued a letter of Approval. | ♦ Loans to be provided to repair units at concessional rate of interest.  
♦ Unused spare parts and unrepairable items may be allowed to be exported to any country and enabling amendments may be made in the applicable provisions and notifications.  
♦ Government may extend the subsidies, concessions on tax and aid in investment etc. for setting up of repair units in SEZ facilities or as separate SERZs subject to its international treaty obligations, if any.  
♦ Repair units may be incentivized through PLI Schemes, based on the number of repairs undertaken by them for domestic as well as overseas customers.  
♦ Government may set up model Electronics and Information and Communications Technology Centers to provide training to special educators and to physically / mentally challenged persons. Government may provide technical corridor to develop specialized skills for electronic repair industry. Providers of such trainings may be entitled to financial benefits.  
♦ Promote and support contributions and participation of domain experts from government, academia, start-ups, and industry in national and global standards for electronic products.  
♦ Exemption from Minimum Alternate Tax (MAT) and Dividend Distribution Tax (DDT) may be extended to encourage investors to set up electronic repair unit developers in SERZ area.  
♦ Such other incentives and relaxations may be provided to emphasize repair activity in SERZs.  
♦ 100% Foreign Direct Investment (FDI) may be permitted through automatic route. |
| 16 | Section 15(3) read with Rule 18(1) SEZ Act, 2005 read with SEZ Rules, 2006 | The Approval Committee may approve or approve with modification the Application, within fifteen days of its receipt. | |
| 17 | Section 15(9) read with Rule 19(1) SEZ Act, 2005 read with SEZ Rules, 2006 | DC shall issue a Letter of Approval in Form G, for setting up of the Unit and an e-mail will be sent to applicant on the registered e-mail. | |
| 18 | Rule 19 read with Form G(xii) SEZ Rules, 2006 | The Unit has to accept the terms and conditions of the LOA within forty-five days of issue of LOA using his Digital Signature Certificate after logging into SEZ Online System. | |
| 19 | Rule 22(1) (i) SEZ Rules, 2006 | For implementation of the LOA, the Unit has to execute Bond-cum-Legal Undertaking in form-H and submit it to the DC. | |
| 20 | Second Proviso to Rule 18(2) (ii) SEZ Rules, 2006 | The unit shall enter into a lease agreement with the developer of the SEZ within six months from the issuance of the LOA and enter the lease deed details in the SEZ Online system. Submit a copy of the lease deed to the DC in physical form. | |
### Unit shall commence the provision of service within one year from the date of LOA and is required to intimate the date of such commencement to DC in SEZ online. The DC may also require the unit to submit supporting documents in physical form.

### Rule 30(3) + Rule 30(7) read with Rule 33 + Rule 30(4) + Rule 29(2) + Rule 28(5) read with Rule 29(2) + Rule 29(2) Read with Rule 36 of the SEZ Rules, 2006

- Submission of DTA Procurement / Bill of Entry (BOE) request, on SEZ online System to the Customs Assessor at DC’s office
- Payment of transaction
- Submission of physical copy of the BOE, to the DC Customs officials
- Assessment of the request by the Authorized Officer / Assessor
- Raise a query on the request
- Assess the request with / without duty
- Raise a misuse incident on the request

### A Single Window platform may be established to complete legal and regulatory issues and to open / close repair enterprises in SERZ.

### Set up a framework to incorporate principles of sustainability and environmentally sound management of electronic goods throughout their life cycle, across all sub-sectors of electronics, from the design, production to end-of-life disposal.

### Import of Indian Origin Defective Goods for Repair into SEZ from DTA & Import of Foreign Origin Defective Goods for Repair into SERZ/SEZ from Abroad

- The receipt of goods at the SERZ gate may be cleared in a time-bound manner and based on incoming or outgoing documents.
- Goods beyond economic repair can be scrapped through Pollution Control Board (PCB) authorized Recyclers or Exported through Recyclers in SEZ Zone.
- Goods may be checked on random basis.
<table>
<thead>
<tr>
<th>Process</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Send the request for First Check assessment</td>
</tr>
<tr>
<td>2.</td>
<td>Completion of assessment of the request by the Customs Assessor</td>
</tr>
<tr>
<td>3.</td>
<td>Clearance of goods from port</td>
</tr>
<tr>
<td>4.</td>
<td>Receipt of the Goods at the SEZ</td>
</tr>
<tr>
<td>5.</td>
<td>Self-examination of goods by unit</td>
</tr>
<tr>
<td>6.</td>
<td>Submit ‘Out of Charge order’ status request / certificate by the Customs / Authorized Officer</td>
</tr>
<tr>
<td>7.</td>
<td>Submission of Bond, legal undertaking or copy of Bill of Export with an endorsement by the Authorized Officer, to GST Officer</td>
</tr>
<tr>
<td>8.</td>
<td>Re-warehousing completion.</td>
</tr>
</tbody>
</table>

**RETURN OF REPAIRED GOODS TO DTA FROM SEZ**

<table>
<thead>
<tr>
<th>Process</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Submission of Bill of Entry</td>
</tr>
<tr>
<td>2.</td>
<td>Payment of Advance Duty</td>
</tr>
<tr>
<td>3.</td>
<td>Submission of physical copy of BOE</td>
</tr>
<tr>
<td>4.</td>
<td>Assessment of the request by the Customs Assessor</td>
</tr>
<tr>
<td>5.</td>
<td>Approve with duty’ by Customs Assessor</td>
</tr>
<tr>
<td>6.</td>
<td>Approval process by the Customs Assessor</td>
</tr>
<tr>
<td>7.</td>
<td>Completion of assessment of the request by the Customs Assessor</td>
</tr>
<tr>
<td>8.</td>
<td>Slow process in customs clearance</td>
</tr>
<tr>
<td>9.</td>
<td>RMS mechanism may be introduced for inspection on the common portal.</td>
</tr>
<tr>
<td>10.</td>
<td>Payments from DTA may be in INR and not in foreign currency.</td>
</tr>
</tbody>
</table>
**Electronics Repair Services Outsourcing (ERSO)**

<table>
<thead>
<tr>
<th>Receipt of the goods at the SEZ</th>
</tr>
</thead>
</table>

### RE-EXPORT OF REPAIRED GOODS OUT OF INDIA FROM SEZ / FTWZ

- Submission of shipping bill request by the SEZ unit to Customs Assessor at DC’s office
- Payment of the transaction charge
- Submission of physical copy of the Shipping Bills along with supporting documents to the DC Customs officials
- Assessment of request by the Customs Assessor, which involves various scenarios
- Completion of Assessment of the request from the Customs Assessor, by the Assessing Officer
- Grant of Export order
- Enter the Export General Manifest (EGM) details of the export and submit the request
- The Shipment bill moves to DC Customs for issuance of Proof of Export

*Slow process in customs clearance*  
*RMS mechanism may be introduced for inspection on the common portal.*

### BONDED WAREHOUSE

<table>
<thead>
<tr>
<th>Notification 134/94-Custom, dated 22.06.1994</th>
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</thead>
<tbody>
<tr>
<td>Goods imported for repair, reconditioning or reengineering for export within three years of the date of importation are exempted from whole of the duty of customs and integrated tax.</td>
</tr>
<tr>
<td>All defective goods cannot be repaired. Due to non-availability of replacement parts, some of the older models of equipment cannot be repaired.</td>
</tr>
<tr>
<td>Defective goods which cannot be repaired due to non-availability of replacement parts, older models, limited residual life after repairs or due to other techno-commercial reasons may be permitted to be moved to recyclers in SEZ. Deemed Exports / exports to SEZs should be considered as fulfillment of export obligation under Notification 134/94-Customs dated 22.06.1994.</td>
</tr>
</tbody>
</table>
Secondly, limited residual life after earlier repairs renders some subsequent repairs economically unviable. Thus, due to techno-commercial reasons, all defective goods cannot be repaired.

However, the Customs notification stipulates mandatory re-export of all imported goods. Logistics cost to return unrepairable goods to original Shipper and environmental regulations in Shipper’s country, renders such re-exports unviable.

Repair vendors in SEZ may be permitted to transfer unrepairable goods to authorized recyclers in SEZ. This facility may be extended to repair vendors in DTA.

Suitable procedure may be formulated to remove process wastes / scraps arising from export and DTA transactions.

Repair vendors may be permitted to remove (harvest) good parts from unrepairable units and use such harvested parts to repair other defective units. Details of Inputs harvested and serial number of unrepairable units from which they have been harvested may be updated in ERP. This is a transparent process to account harvested parts in bonded warehouse records. Suitable guidelines may be issued by CBIC.

### Table

<table>
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<tr>
<th>#</th>
<th>Notification No.</th>
<th>Mandatory Time period to re-export</th>
<th>Time period to re-export within 3 years</th>
<th>The goods which have been imported into India for repairs may be allowed to be re-exported within a period of 7 years.</th>
</tr>
</thead>
<tbody>
<tr>
<td>25</td>
<td>Notification No. 134/94 - Custom, dated 22.06.1994</td>
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<tr>
<td>26</td>
<td>Section 65, The Customs Act, 1962</td>
<td>Provisions related to the manufacturing and other operations in relation to goods in a warehouse</td>
<td>With the prior sanction of AC/DC of Customs and subject to conditions as specified, the owner of any bonded goods may carry on any manufacturing process or other operations on warehoused goods in the Bonded Warehouse.</td>
<td>♦ Alignment in procedures with respect to the validity of triple duty bond at all custom stations may be necessitated. ♦ All-inclusive bond, (similar to B17 bond for EOU’s) shall be made applicable for warehouses licensed to operate under Section 65 of Customs Act. This bond may be accepted by Commissioner of Customs issuing IBMSO. Bond accepting authority may update Bond details against the warehouse code in ICEGATE. Customs authorities at different ports through which goods are imported can debit duty deferred amounts to this all-inclusive bond. Licensee shall be able to submit re-warehousing certificates to Customs at respective customs stations.</td>
</tr>
</tbody>
</table>
Thus, the imported goods after landing are permitted to be removed to a warehouse without payment of Customs Duties by filing an into bond bill of entry for warehousing of goods and such duties are collected at the time of clearance from

- Guidelines may be issued to Trade / Industry and field Officers regarding procedure to cancel triple duty bonds in a time bound manner.
- A centralized mechanism may be introduced for execution of bonds and adjustment from them based on the transactions.

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Simplify the procedures of manufacture and other operations in warehouse for ease of doing business in India

Maintenance of records in Annexure B is an additional compliance burden:

- After goods are cleared for exports, respective data has to be updated in columns 39 to 53 of Annexure B. (Columns 48 to 53 pertain to quantities of warehoused goods contained in so much of the resultant products exported).

When resultant products are cleared for home consumption, data has to be updated in columns 54 to 67 of Annexure B. (Columns 61 to 67 pertain to warehoused goods contained in so much of the resultant products cleared for home consumption).

While data in columns 62, 63 and 64 can be updated with support from an ERP system, data in columns 61, 65, 66 and 67 has to be updated from ex bond Bills of Entry.

- Licensees may be allowed to calculate BCD, IGST and Compensation Cess payable on each Input used in manufacture of resultant products (and which are cleared for home consumption) during the month and discharge the duty liability through one manual TR-6 challan on a monthly basis.
- Existing column 61 may be eliminated and BCD, IGST, Compensation Cess paid for each Input /each line item may be updated.
- One common data like TR-6 challan No., BSR Code of duty collection Bank, Bank’s Challan No. and date of duty payment may be updated as a single entry for the month.
- Existing procedure in ICEGATE may be modified to permit filing of one ex bond Bill of Entry against multiple warehousing Bills of Entry. One ex bond Bill of Entry may be filed for all the Inputs contained in the resultant products removed to DTA during the month.
- The procedure followed by EOU / EHTP may be extended to units operating under Section 65 of Customs Act so that the transaction costs can be minimized. This will also create similarity in procedures for EOU / EHTP and for units operating under Section 65 of Customs Act, 1962 on Inputs used to manufacture resultant products (and which are sold in DTA).
For instance, details of over 100 ex-bond Bills of Entry have to be updated and each ex-bond Bill of Entry may have several line items. This becomes a time-consuming task.

However, if data from ICEGATE can directly be downloaded to company’s ERP system, data entry can be automated.

Since all ERP systems cannot directly download data from ICEGATE, data in columns 61, 65, 66 and 67 has to be updated manually.

This will necessitate manual updation of large volumes of data every month.

- In order to facilitate hassle free clearance of imported goods at Customs stations, affixation of identity tags / stickers in bonded warehouse after import may be allowed.

- Licensees operating under Section 65 of Customs Act, 1962 shall be permitted to access data from ICEGATE / SEZ portal pertaining to their bonded warehouse code.

- Access shall be provided to warehouse keeper through separate login / user ID and password. It is essential that such transfer of data from ICEGATE / SEZ portal is available in editable excel formats.

- Licensees operating under Manufacturing & Other Operation Warehouse Regulations (‘MOOWR’), 2019 may be permitted to de-bond imported capital goods at depreciated values. Depreciation slabs as per para 4 of Notification 52/2003-Customs may be incorporated under MOOWR, 2019.

- Endeavors shall be made to reduce the compliance burden and maintenance of records.

- For low-value and high-volume items, tracking of goods may be permitted on the basis of model numbers instead of serial numbers, as the serial numbers might get wiped off / obliterated during transport / repair. Basing on model numbers therefore can be an alternate mechanism for identification of such items. The Risk Management System can be used in this regard.

- In case of serial number, they should be recorded in an ERP system which should be maintained properly to avoid delays in clearances.

- Online portal should be there to track in and out movements of the defective lots coming for repairs.

- There may be quarterly vetting of serial number / model number to avoid delay in customs clearances while importing and exporting.
FURTHER

a) A green channel facility should be introduced in which governance should be left with the companies themselves and not by the authorities. This would mean that the company itself will validate and satisfy all the checks and the balances by following the norms set by the government.

b) Green channel may be self-governed by the companies by eliminating the customs authorities or government authorities from physically coming and validating the goods, as that will result in decreasing the time span in clearances.

c) This green channel facility should leave the accountability with the units themselves, to perform better and to eliminate the time lag during clearances which will ensure strict turnaround time.

d) There may be a system in which the documents are uploaded before the shipment leaves the country of origin and by the time it reaches the destination port, all the documents are vetted, and the inspection is already done, so that consignment that is received is not left at the port unattended leading to time over runs.

e) Same thing happens while reverse logistics takes place in the case of export of the repaired items. All the documents are uploaded before the shipment leaves India and within a span of 2 hours all the documents are vetted, and the process gets kick started beforehand.

f) In case of any further inspection, the same may be done in the warehouse. This shall help in reducing the time taken for clearance procedure.
<table>
<thead>
<tr>
<th>Section</th>
<th>Rule</th>
<th>Description</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>28</td>
<td>Section 25 and Section 21 Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981</td>
<td>Consent to establish shall be obtained from the concerned State Pollution Control Board (PCB).</td>
<td>E-scrap management</td>
</tr>
<tr>
<td>29</td>
<td>Rule 8(2) read with Rule 13(4)(i) E-Waste (Management) Rules, 2016</td>
<td>File application in Form 1(a) in triplicate to the concerned State PCB for grant of one-time authorization.</td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>Rule 13(4) (iii) E-Waste (Management) Rules, 2016</td>
<td>The State PCB shall dispose of the application within 120 days from the date of the receipt of such application complete in all respects</td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>Rule 8(2) read with Rule 13(4) (ii) E-Waste (Management) Rules, 2016</td>
<td>The State PCB shall grant authorization on one-time basis as per Form 1 (bb) and authorization would be deemed as considered if not objected to within a period of 30 days.</td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>Rule 8(7) read with Rule 13(4) (v) E-Waste</td>
<td>Maintain records of the e-waste purchased and refurbished in Form-2. (Management) Rules, 2016</td>
<td></td>
</tr>
<tr>
<td>33</td>
<td>Rule 8(6) read with Rule 13(4) (v) E-Waste (Management) Rules, 2016</td>
<td>File annual returns of its activities of previous year in Form-3 to the State PCB on or before 30th day of June of every year.</td>
<td></td>
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</table>

**COMPLIANCES BY REPAIR UNITS**

- The repair units may only be required to comply with the E-Waste (Management) Rules, 2016.
- The requirement of Extended Producer Responsibility (EPR) Authorization and compliances thereon may be dropped / deleted to facilitate ease of doing business for repair units which handover the unrepairable goods to the certified / notified recyclers.
- Recycling plants may be established that may use the latest recycling technologies to recover materials from e-waste and may process the e-waste and extract metals for the purpose of sale in the secondary market.
Collect e-waste generated during the process of refurbishing and channelise the waste to authorized dismantler or recycler through its collection centre.

- Government through Ministry of Environment may devise a framework to ensure higher environmental compliances. The responsibility for implementation may be of the State Pollution Control Board (SPCB) and the returns shall be filed with the Central Pollution Control Board (CPCB).

**GOVERNMENT MEASURES FOR E-WASTE MANAGEMENT**

- Government shall promote research, innovation, and support to industry for green processes and sustainable e-waste management, including inter-alia facilitation of citizen engagement programs for safe disposal of e-waste in an environment friendly manner, development of e-waste recycling industry and adoption of best practices in e-waste management.

- Promote eco-park in each State for processing of e-waste in environment friendly manner in PPP mode to integrate formal and informal operators.

- There may be establishment of durability, reparability, and recyclability requirements for selected electronic products to ensure material resource efficiency.

- Self-declarations are only required on importing of such material / E-waste as per the E-Waste Management Rules 2016 and this requires permissions from MOEF.

- All the procedures may be streamlined and made online where permissions can be applied, and approvals may be obtained over the mail which shall not exceed the prescribed time lines.

- No licensing regime or permits may be necessary for destroying the un-repairable equipment as per the prescribed procedure.

- The Environment Ministry may actively help the recyclers who are engaged in recycling of E-waste by incentivizing them.
| ♦ | The Ministry may extend its support towards this initiative by setting up a hassle-free e-waste management process for electronic repair units. |
| ♦ | The Ministry may address all E-Waste related concerns and ensure its non-diversion in the country. |
| ♦ | E-waste may be disposed with certified organization / entity and limited licenses for such entities may be issued very carefully. Repair vendors are required to either dispose scrap parts and meet regulation requirements locally or return them back to the country of origin or to a third country. |
| ♦ | The Ministry may ensure that adequate training is imparted to improve the capability of recyclers to process electronic waste in India. |
| ♦ | Government may list out the authorized recyclers to recycle the E-waste (non-repairable) products to avoid unnecessary logistics costs and time overruns while sending back the scrap / e-waste / unrepairable items to the country of origin. |
| ♦ | An enactment of “Right to Repair” laws in order to reduce e-waste by increasing the lifespan of electronic products and making them easy to get repaired, may be formalized. |
### Other Miscellaneous Trade Facilitation Measures

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<tbody>
<tr>
<td>1</td>
<td><strong>Digital measures</strong></td>
<td>An e-governance cell may be established to support the existing</td>
<td>accordance with the requirements of the Government aligning with</td>
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<tr>
<td></td>
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<td>policy and strategies in</td>
<td>its general policies. A common portal may be established for the</td>
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<tr>
<td></td>
<td></td>
<td>the existing policy and strategies in</td>
<td>ERSO industry for seamless implementation of</td>
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<td></td>
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<td>this policy.</td>
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<tr>
<td>2</td>
<td><strong>Benefits under Labour laws</strong></td>
<td>Government intends to undertake several initiatives to make the</td>
<td>the particular State’s environment, the most optimal environment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>particular State’s environment, the most optimal environment</td>
<td>for the corporate units and therefore it may:</td>
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<td>for the corporate units and therefore it may:</td>
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<td></td>
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<td>• Amend / relax / exempt the relevant provisions of the specific</td>
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<td>state’s Shops and</td>
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<td>Commercial Establishments Act, to make it more suitable for the</td>
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<td>electronic repair</td>
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<td>entities. It may allow the units to:</td>
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<td></td>
<td></td>
<td>• Employ women and young persons (between age group 18 to 21)</td>
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<td></td>
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<td>during night shift, subject to provision of adequate security</td>
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<td></td>
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<td>and transport;</td>
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<td>• Have ‘flexi-timing’ by asking an employee to work for more</td>
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<td></td>
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<td>than eight hours a day, without exerting an additional financial</td>
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<td>burden on the companies / units, in terms of overtime payments,</td>
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<td>as long as the statutory requirement on the maximum weekly</td>
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<td>working hours is respected;</td>
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<td></td>
<td></td>
<td>• Operate twenty-four hours a day;</td>
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<td></td>
<td>• Operate 365 days in the year;</td>
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<td>• Reduce the procedures involved in retrenching employees;</td>
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<td>3</td>
<td><strong>Product-Linked Incentives</strong></td>
<td>The government may announce various promotional initiatives and</td>
<td>incentives for the electronic repair sector. Such initiatives</td>
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<td></td>
<td></td>
<td>incentives for the electronic repair sector. Such initiatives</td>
<td>may include providing high quality infrastructure, office space,</td>
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<td></td>
<td>may include providing high quality infrastructure, office space,</td>
<td>supportive government, venture capital support, high quality</td>
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<td></td>
<td></td>
<td>supportive government, venture capital support, high quality</td>
<td>manpower, IT training facilities, administrative support like</td>
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<td>manpower, IT training facilities, administrative support like</td>
<td>state level statutory clearances, hassle free acquisition of</td>
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<td>state level statutory clearances, hassle free acquisition of</td>
<td>land, relaxations with regard to land and its usage, exemption</td>
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<td>land, relaxations with regard to land and its usage, exemption</td>
<td>from stamp duty, reliable telecom network, uninterrupted power</td>
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<td></td>
<td></td>
<td>from stamp duty, reliable telecom network, uninterrupted power</td>
<td>supply, provision of incubation centers, single window clearances,</td>
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<td></td>
<td></td>
<td>supply, provision of incubation centers, single window clearances,</td>
<td>other social amenities, supportive labour law environment etc.</td>
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<td>4</td>
<td><strong>Concessions w.r.t electricity usage</strong></td>
<td>Priority in providing electricity connection may be given by the</td>
<td>the concerned Government to electronic repair units for seeking</td>
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<td></td>
<td>the concerned Government to electronic repair units for seeking</td>
<td>connection for setting up electronic repair units.</td>
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<tr>
<td>5</td>
<td><strong>Investment benefits</strong></td>
<td>All investments exceeding _____ crores and creating more than</td>
<td>_____ jobs would be channeled through an empowered committee for</td>
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<td></td>
<td></td>
<td>_____ jobs would be channeled through an empowered committee for</td>
<td>faster establishment and setting up of units in the state.</td>
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<tr>
<td>6</td>
<td><strong>Property registration advantages</strong></td>
<td>Registration fee on property transactions may be exempt by the</td>
<td>the concerned state in respect of ERSO.</td>
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<td>7</td>
<td><strong>Social Incentives</strong></td>
<td>Certain social incentives may be made available such as corporate</td>
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<td></td>
<td></td>
<td>health services, golf courses, international schools, by</td>
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<td></td>
<td></td>
<td>encouraging private initiatives.</td>
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<tr>
<td>8</td>
<td><strong>Others</strong></td>
<td>Human resource development initiatives may also be taken.</td>
<td></td>
</tr>
</tbody>
</table>