

INPUTS FOR AJAY SHANKAR EXPERT COMMITTEE

Central Level Clearances/Permissions

Ministry of Finance

SI No.	Regulation/Act/Rule/ Notification/Statutory Order	Key Provision, Section No. and brief under which Clearance/ Permission/ NOC Required	Authority from which Permission/ Clearance Required	Remarks (Suggestions for Rationalizing/Simplifying/ Expediting the Clearance Mechanism or Exempting it all together with Justification)
1.	Sub Contracting - Annual Permission for clearance to be made directly from Job worker's premises under Central Excise Act 1944 & Rules.	Rule 4 of Cenvat Credit Rules 2004	Assistant/Deputy Commissioner of Central Excise & Service Tax department	As per the rule permission is granted for a period of one year for job work wherein clearances are made directly from the premises of the Job worker. This requires lot of follow up with the authorities at Division and Range office level which is a time consuming and cumbersome activity. Since all the transactions are under self certification basis the requirement of permission may be waived off and only intimation should be given which should be valid till the agreement with the job worker is in force.
2.	Annual renewal of Letter of Undertaking (LUT) for export of goods without payment of Excise duty.	Rule 19 of Central Excise Rules 2002 and Notification No. 42/2001 CE (NT).	Assistant/Deputy Commissioner of Central Excise & Service Tax department	As per the rules the letter of undertaking has to be renewed annually and fresh bond has to be filed with the department for exports of goods without payment of duty. This requires lot of follow up with the authorities at Division and Range office level which is a time consuming and cumbersome activity and requires multi level interaction

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				with the departmental officers. All the export transactions are done under self certification basis and a monthly return to this effect is being submitted with the department hence there seems to be no requirement of renewal of annual permission. It is suggested that the requirement of annual renewal should be replaced to 05 years time.
3.	Income tax act 1961, Capital Gains Tax 2013, SEZ- Act 2005	Income tax act 1961, Capital Gains Tax 2013, SEZ- Act 2005	Commissioner of Income Tax and Development Commissioner SEZ.	As GST is likely to bring all the existing indirect tax under one umbrella, similar efforts should also be made in other areas of taxation such as income tax, capital gains tax, property tax, MAT, DDT etc.
4.	Income Tax Act 1961, Central Sales Tax and State's VAT Act, Central Excise Act 1944 and The Customs Act 1962	Income Tax Act 1961, Central Sales Tax and State's VAT Act, Central Excise Act 1944 and The Customs Act 1962	The Commissioners of income Tax, Central Excise and Customs	There is multiple taxation regime, which creates confusion and non-compliance due to lack of knowledge. All fees/cess should be calculated and informed by single agency. The same should be communicated to industry for one time and one place payment.
5.	Submission of quarterly returns for manufacture, import and export of Narcotics drugs and psychotropic substances under narcotics drugs and Psychotropic Act 1985	Section 9A - 4(6),7(9) Narcotic Drug and Psychotropic Substance	Narcotics Control Bureau, Gwalior (Central), Ministry of Finance	Presently the quarterly returns are filed manually with the various Zonal Directors of NCB wherein supplies have been made in their respective zones. It is suggested that e-portal should be introduced for online filing of various periodic

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				returns in order to save time and cost and capturing of the data in soft.
6.	The Finance Act, 1994	<ul style="list-style-type: none"> • Section 69 of the Finance Act, 1994 • Rule 4 of Service Tax Rules, 1994. • Notification no. 35/2001 - C.E(N.T) dt. 26-6-2001, as amended. • Circular No.997/4/2015-CX dated 28-Feb-2015 	Asst./Deputy Commissioner of Service Tax/ Superintendent	<p>Change in process, can be made, whereby facility of electronic upload of 'Self-Certified' copies of 'prescribed documents' be given along with ST-1 electronic application itself. Need for physical visit & submission of documents, be eliminated in all cases such as for "Amendment", "Additional Clarification", for Centralized / ISD registration etc.</p> <p>Like Single Registration, even Centralized Registration & ISD registration should be granted within 7 days of application, else it shall be deemed to have been granted.</p>

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7.	Central Excise Rules, 2002	Rule 16A, Rule 16B, Rule 16C – Permission for removal of inputs, semi-finished goods and finished goods.	The Commissioner of Central Excise	This provision should be deleted as obtaining permission takes a long time. It delays dispatches and production suffers. Only information can be filed later.
8.	Cenvat Credit Rules, 2004	Rule 4(6) – Permission for removal of final products from job-workers premises	Deputy Comm./Asstt. Comm. Of Central Excise	This provision should be deleted as obtaining permission takes a long time. Only information can be filed later.
9.	Central Excise Rules, 2002	Rule 11 - Intimation of serial numbers of invoices to be given in beginning of the year for invoices to be used during the year.	Asstt. Comm./Superintendent of Central Excise	This provision should be deleted as invoices issued during the month are indicated in ER-1 Returns. Under Self-Removal procedure this requirement is meaningless.

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10.	Central Excise Rules, 2002	Rule 22 - Intimation of list of all records maintained to be given in beginning of the year.	Asstt. Comm/Superintendent of Central Excise	This provision should be deleted as maintenance of statutory records has been dispensed with long back and only private records are maintained now.
11.	Central Excise Rules, 2002	Rule 11 – Intimation of cancellation of invoice within 24 hrs.	Superintendent of Central Excise	This provision should be deleted as invoices issued and cancelled during the month are indicated in ER-1 Returns.
12.	Registration of Service Tax – Finance Act, 1994 and Rules thereunder	Section 69 of Finance Act, 1994 read with Rule 4 of Service Tax Rules, 1994. Application to be submitted within 30 days from rendering taxable service. Within 7 days from the date of application RC shall be granted, otherwise it is deemed to be registered.	Commissioner of Central Excise – for centralized registration	<p>1. Regn. Is required for turnover of Rs.9 lac however, payment has to be done from Rs.10 lacs onwards - the same should be synchronised</p> <p>2. With the classification in category of services being removed, including the same for making payment of tax or for registration purpose is not required. They can be used only for limited purposes like SEZ, etc.</p>

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13.	Registration of the establishment under Central Excise Act 1944 & Rules thereunder	Section 6 of Central Excise Act, 1944 read with Rule 9 of Central Excise Rules, 2002. On submission of application in prescribed form to proper officer, PAN based registration number is allotted immediately. Post facto verification within 5 working days of the receipt of the application will be conducted and accordingly Registration certificate is either sent by post or handed over personally as indicated by applicant within 7 days from receipt of application.	Jurisdictional range Superintendent of Central Excise.	<ol style="list-style-type: none"> 1. Regn. For FTP is separately done which is known as IEC - the same should be synchronised with Excise Registration instead of having 2 codes. 2. Post facto verification should not be required once the address proof is provided for the same.

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14.	Registration of authorisations / licences with Customs authority.	Submission of bonds, affidavit, Bank Guarantee (if applicable) as per the relevant Customs Circular.	Clearance from Customs, Central Excise to confirm that the authorization/ license holder is not penalized.	Results in multiple window clearances which is time consuming. Ownership to check all the points at the application stage should be with the licensing authority
15.	Drawback realisation from Customs	Requirement of negative statement / realisation proof for previous exports.	Customs Authority, DBK cell.	Online check on realisation details to be done by Customs and avoid linkage to fresh applications
16.	Submission of documents for Bond/ Bank Guarantee Closure post licence redemption.	Customs insists on document set submitted to licencing authority.	-	Customs should check with the online EODC transmitted by licencing authority instead of asking for closure documents.

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17.	Refund of TED refund for Deemed export supplies	Foreign Trade Policy, Para 7.04.	Director General of Foreign Trade (DGFT)/ Ministry of Finance (MoF)	To avoid blocking of funds and delay in receipt of refund, exemption on TED should be granted to all categories of deemed exports
18.	Notifications/ Circulars/ Notices issued by MoC and MoF seperately	Basically, cover the same topic governing foreign trade.	Implementation done through Customs, MoF	Single Notification/ Circular/ Notice to be issued by either of the Ministries to facilitate ease of operation.
19.	Issue of shares to non-residents by companies covered under RBI's "Approval Route"	FDI Policy	Foreign Investment Promotion Board / SIA	Requirement of stock exchange approval may be done away with. The listed companies may be asked to submit details of enhanced capital to the stock exchanges and ensure compliance of applicable SEBI Regulations.



Ministry of Railways

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1.	Application by the party to Railway for construction of Private siding	Para 1822 to 1842 of the Indian Railway code and freight marketing circular no. 12 of 2008.	Chief Traffic Planning Manager, Railways	E-Filing of the application should be introduced Time bound approval process should be there Single window clearance system should be implemented for timely disposal of the applications
2.	Party will apply to Railway (CGE) for getting the work executed either by the Railway or by the Party under Railway's Supervision or by the party thorough Railway's approved consultant.	Para 1822 to 1842 of the Indian Railway code and freight marketing circular no. 12 of 2008.	Chief General Engineer, Railways	There should be defined norms for construction of railway siding and the work may be executed by any of the agency as per the laid down procedures and final audit may be conducted prior to giving clearance / approval.



Ministry of Commerce and Industry

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1.	Permission for Destruction of Goods - Destruction of process waste, rejects, Remnants within SEZ unit and outside SEZ	Rule No. 39 SEZ Rule 2010	Specified Officer - Customs	<p>Destruction of goods — (1) After advance intimation of not less than seven days to the Specified Officer, a Unit may destroy, without payment of duty, goods including capital goods, procured from Domestic Tariff Area or goods imported or goods manufactured or produced by the Unit including rejects or waste or scrap or remnants within the Special Economic Zone: Any destruction outside the SEZ would require permission from the Specified officer and in the presence of Authorized officer.</p> <p>The concept of permission for destruction outside the SEZ should be waived off and replaced to Intimation alike destruction within SEZ. Since some of the process waste which could not be treated within SEZ needs to be taken outside. Due to pre-occupation or non availability of the concerned officials the entire process gets delayed and also creates environmental hazard at large and further it requires lot of follow up with the departmental officers which results in waste of time and manpower.</p> <p>It is therefore suggested that on the basis of the input output norms the entire process waste generated should be allowed to be taken out to a Common</p>

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				Effluent/waste treatment facility duly approved by the State Government against intimation on annualized basis which may be given in advance.
2.	Time limit for utilization of goods- Duration of Goods and Services in SEZ	Rule 37 SEZ Rules 2010	DC/SO/AO/PO - Customs	As of today the time limit for utilization of goods by developer is 1 year or as extended by the Specified officer failing which duty has to be paid. The condition of time limit shall be deleted and should be in accordance with the validity of the LOA.
3.	Permission for Sub contracting	Rule 41 SEZ Rules 2010	Specified Officer - Customs	At present the annual permission is required from the Specified officer for sub contracting. The condition of prior permission should be replaced from prior intimation for faster execution of the operations at SEZ.
4.	Procedure for grant of drawback claims.	Rule 24 SEZ Rules 2010	Specified Officer - Customs	At present the pre-condition for sanction of the DBK claims is that payment should be made through FCA account only. The pre-requisite condition of FCA payment shall be done away as it is very difficult for a new established unit to earn foreign exchange & pay suppliers through FCA account which makes the claims ineligible.
5.	Reimbursement of Duty (ROD Claims)	Rule 30 (8) SEZ Rules / Instructions 77 and 9	Office of the Development Commissioner/ RLA	As per the instructions no. 77 dated 06.08.2013 issued by the Ministry of Commerce & Industry the eligible amount of ROD claim is after adjusting the Cenvat credit availed by the Supplier. The condition should be done away as sometimes the rates of the ROD (All Industry Rates) are less that the Cenvat credit availed by the supplier. The criteria for claiming ROD claims should be unlike normal drawback claims and rates

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				should be fixed for Customs & excise duties as the case may be without adjusting any Cenvat credit availed by the supplier as due to this condition the money of the entire industries are blocked.
6.	Licence for restricted items	Issue of Import/ Export Licence of goods for restricted items	DGFT, Ministry of Commerce, Central Government	DGFT, Udyog Bhawan, New Delhi should delegate power for approval of restricted items Licence to Regional office concerned. Getting approval from headquarter is a time consuming task at times upto six months.
7.	EPCG Licence	EPCG Licence required by exporters	DGFT, Ministry of Commerce, Central Government	Registration and furnishing of Bond at customs procedure to be dispensed. Power for taking bond should be delegated to Regional office of DGFT where licence is issued. This will save 10 to 15 days time.
8.	MEIS Scheme	Registration of MEIS Scrip	DGFT, Ministry of Commerce, Central Government	Registration and furnishing of Bond at customs procedure to be dispensed. Power for taking bond should be delegated to Regional office of DGFT where licence is issued. This will save 10 to 15 days time.
9.	SEZ Act, 2005	SEZ Act, 2005	Ministry of Commerce & The Development Commissioner	In case of SEZ, suitable provision to be made in SEZ act for the SEZ units/Developer to claim for the Excise duty refund for the duty paid supplies received from dealer/distributor.
10.	SEZ Act, 2005	Various	Ministry of Commerce & The Development Commissioner	Service Tax Refund / Exemption – SEZ Units have been provided list of 66 services under default list (introduced in 55TH Meeting of the Approval Committee on dated 27.08.2014) whereby units are required to avail services in the units as well as can claim refund only for the 66 services. Unit should get

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				refund for the other services except 66 which are required and used in relation to carry out authorized operation in SEZ.
11.	SEZ Act, 2005	Various	Ministry of Commerce & The Development Commissioner	Duty deposit for DTA Sale –Units are required to deposit duty against DTA Sale for each Bill of Entry which is a time consuming procedure. Instead of depositing duty against each Bill of Entry a onetime deposit system should be proposed whereby units can deposit duty in advance and through PLA account they can debit accordingly (as in case of DTA unit).
12.	SEZ Act, 2005	Various	Ministry of Commerce & The Development Commissioner	Refund Procedure for Excess payment if made – There is no specific procedure issued for the units to get refund for excess payment if made and therefore, a standard procedure should be introduced for getting refund of excess payments.
13.	SEZ ACT, 2005	6/3/2006-SEZ Dated 21 st March 2012 (Withdrawn)	6/3/2006-SEZ.1 Dated 27 st Feb 2009 (Restored)	For Power Generation within SEZ ,withdrawal of exemption from the payment of taxes, duties or cess and for its operation and maintenance vide new notification No. 6/3/2006-SEZ, has resulted in benefits now available only for the initial set up of the power plant. Earlier it was also available for the operation and maintenance as well.
14.	SEZ Act, 2005	SEZ Act, 2005	Ministry of Commerce & The Development Commissioner	There is prescribed procedure for refund of duty paid on procurement from excise & customs. A proper Guidelines and procedure should be presented for refund of duty.
15.	SEZ Act, 2005	SEZ Act, 2005	Ministry of	There is no prescribed time limit mentioned for

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			Commerce & The Development Commissioner	completion of transactions for the unit as well as for the department functioning for the smooth working of the units in SEZ. A proper prescribed time limit should be provided to the department for work completion.
16.	SEZ Act, 2005	SEZ Act, 2005	Ministry of Commerce & The Development Commissioner	The unit should get other services approved in the approved list of 66 which are required to carry out their authorized operation The approved list of 66 is to be revised and addition of more services is required to be amended.
17.	The Electricity Act 2003 and SEZ Act 2005	The Electricity Act 2003 and SEZ Act 2005	The State Electricity department and the Development Commissioner	Even though the SEZ act 2005 is required to have the overriding effect on all the other acts in force the Electricity act 2013 still overrides the SEZ act 2005. The only act applicable to the SEZ is SEZ act and it should be self-sustaining and complete.
18.	SEZ Act,2005, rules 2006	SEZ Act,2005, rules 2006	The Development Commissioner	The timeframe for claiming the export benefits for the units- Duty Draw Back, the SEZ rules 2006 do not have clear cut guidelines even after 9 years of formulation. The DBK rules of DTA units framed by DGFT are required to be referred which result in lot of confusion, since they are meant for DTA units. What happens if some unit is not able to claim the benefit in the prescribed time is also not specified.
19.	SEZ Act,2005, rules 2006	SEZ Act,2005, rules 2006	The Development Commissioner	The Development Commissioner does not have powers, in all the matters related to SEZ such as labour.
20.	Single Window Clearance for SEZ	SEZ Act		Its not working. It has to be implemented in total
21.	Gas Cylinder rules,	Rule 43	Chief controller of	At present license is required for storage of more than

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	2004 (“Rules”)- No person shall fill any cylinder with compressed gas and no cylinder filled with compressed gas shall be possessed by anyone except under and in accordance with the conditions of a license granted under these rules.		explosives, Petroleum and Explosive Safety organization (PESO), Ministry of Commerce and Industry (DIPP), Central Government	5 cylinders (flammable & toxic gas) and more than 25 (flammable & non toxic) cylinders. This number is fixed irrespective of the size of the Industry and it is cumbersome process of filing license application and getting it renewed every year. It is suggested that the minimum number of cylinders should be fixed depending upon the size of the Industry since the industry itself takes due safety measures for handling these gases under the supervision of qualified / competent staff. Moreover the process of filing license application must be provided through online e platform with a validity of 5 years. Further annual declaration / self certification may be taken from the user industries regarding fulfillment of the laid down guidelines of the license.
22.	Industries (Development & Regulation) Act 1951.	License is required for new industrial undertaking covered under Section 11 of the Act	Department of Industrial Policy and Promotion, Central Government	Procurement of licence would create duplication as the new industrial undertaking will have to also procure licence under the various governing Acts of the Sector. This requirement of licence may be replaced with a pre-existing regulatory mechanism.
23.	Ratification of input-output norms by Committee at Delhi	Foreign Trade Policy, Para 4.07	DGFT, Ministry of Commerce (MoC)	Authorisations up to CIF value of Rs. 100 Cr to be exempted from ratification subject to fulfilment of EO accounting of exempted material and value addition.
24.	Issue of authorisations for Projects with Export Obligation period upto	Foreign Trade Policy, Para 4.22 (ii)	DGFT, Ministry of Commerce (MoC)	Presently authorisations issued with 18 months EOP and later EOP to be got extended by way of amendment.



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	contracted duration.			
25.	Redemption authorisations deemed exports of for	Foreign Trade Policy, Para 4.47 (b)	DGFT, Ministry of Commerce (MoC)	Only 2 documents should be insisted upon. 1. Statement of invoices (supply) with list of exempted material utilised - attested by supplier and recipient (project authority) 2. e-BRC evidencing payment received.