

Government of India
Ministry Of Commerce & Industry
Office of the Development Commissioner
Visakhapatnam Special Economic Zone
Administrative Building, Duvvada
Visakhapatnam – 530 046 A.P. (INDIA)
Ph: 0891-2706143 Fax: 0891-2587352



No:9/SEZ/206/VSEZ/2020/H772

dated 10.09.2020

ORDER-IN ORIGINAL 1/2020

Any person/party aggrieved by this order may file an appeal under Section 15 of Foreign Trade (Development & Regulation) Act 1992, against the same to the appropriate authority viz. The Additional Secretary, Ministry of Commerce, New Delhi, within 45 days from the date of Service of this adjudication order together with a copy of this and a complete set of evidence in the form of Annexure to the appeal relied upon in support of the appeal.

2. Any person/party desirous of filing an appeal against this order shall deposit the penalty amount and produce proof of payment amount along with the appeal to the Appellate Authority. Failing which the appeal is liable to be rejected for non-compliance of the provision of section 15 of the Foreign Trade (Development & Regulation) Act.

3. The penalty amount is to be deposited under the Head of Account "1453 Foreign Trade & Export Promotion – other receipts '14530025-114' fines and penalties etc., Import and Exports Control Organisation.

4. Evidence of Payment is required to be furnished to the Adjudicating Authority within 45 days from the date of service of this Adjudicating Order, failing which the same is liable to be recovered as an arrear of land revenue. The Importer- Exporter Code Number of the person/companies/other entities concerned is liable to be suspended under the provision of section 11(4) of the Foreign Trade (Development & Regulation) Act 1992, without making any further reference to them.

5. M/s. G.S. Paper Industries & Products (herein after referred to as Unit), Trading shed No.17&18, VSEZ, Duvvada, Visakhapatnam was issued LoA No.9/SEZ/206/VSEZ/2007/ dt.13.02.2007 for manufacture of 'Handmade Paper and paper related products'. The unit commenced operations w.e.f. 1.4.2008

6. Whereas the unit executed BLUT and was accepted by the office on 23.3.2007.

7. Whereas the unit exported goods worth Rs.33,000/- during first block period from 1.4.2008 to 31.3.2013.


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8. Whereas the unit's LoA was extended by the Office periodically, on the assurance by the unit that they would effect exports, considering the world market crisis and absence of business operations due to ill-health of Proprietor's husband and assurance of clearing outstanding lease rentals, up to 31.3.2014 only (in the block period 1.4.2013 to 31.3.2018) with a condition that they shall effect exports for a value of minimum Rs.30.00 lakh during the period. However, the unit could not fulfill the condition for effecting exports and also defaulted the outstanding lease rentals.
9. Whereas, the Unit's LoA was further extended in view of the part payment of lease rentals and assurance of effecting exports by the unit upto 31.12.2016.
10. Whereas, the unit completed second block period on 31.3.2018 and have also not submitted APRs for the second block. The unit was found to be non-operational during the entire block period.
11. Whereas, the unit was issued SCN on 12.08.2018 for non-operation and non-payment of lease rentals for imposition of penalty . The SCN as per records got returned un-delivered by postal authorities. However, the same was collected by the representative of the Unit, G.Shri Srinivasa Rao on 2.12.2019.
12. Whereas, this office vide letter dt.28.11.2019 granted an opportunity of PH on 4.12.2019 to the unit. The representation of the Unit , Shri Srinivasa Rao appeared PH on 4.12.2019 and assured that he would clear lease rental dues within 30 days from 4.12.2019.
13. Whereas , the unit vide their letter dt.5.1.2020 informed that as explained by them to this office on 4.12.2019 at the PH they reiterate that same that Hud-Hud cyclone caused a financial loss about Rs.72.00 lakh of raw material semi-finished/finished material that was lying in the unit and because of pending Insurance claim they were unable to re-process the existing stock by investing further on it. The German Buyer did not get convinced and backed-out because of LoA expired and their request for extension of LoA upto 31.3.2023 turned down by the Office. The unit requested LoA extension up to 31.3.2023.
14. Whereas, the unit was issued a final notice dt.27.02.2020 asking them to clear the dues and if no reply is received by 10.03.2020, the SCN dt.12.08.2018 will be adjudicated exparte and suo-motto cancellation of LoA will be issued without giving any further opportunity.
15. Whereas, the final notice dt.27.02.2020 returned undelivered by the postal authorities on 3.3.2020 stating addressee left.
16. Whereas, the unit has not cleared the lease rental dues to the tune of Rs.21,01,488/- by stipulated time i.e. by 31.3.2020 .

17. In view of the above, I, therefore, after careful consideration of the facts on record hereby cancel the Letter of Approval granted vide No. /SEZ/206/VSEZ/2007/ dt.13.02.2007 w.e.f. 31.12.2016 i.e., the date of expiry of their LoA and declare that the unit made an exit from the SEZ scheme w.e.f. 31.12.2016. Further, since the unit has not resumed operations during the second block period for obvious reasons depicted in para 13 above , no penalty is imposed taking a lenient view.

18. Further, the unit shall have to follow Section 16 of SEZ Act, 2005 and Rule 77 of SEZ Rules, 2006 consequent to the cancellation of the Letter of Approval and discharge the liability as per the said Section to enable them to absolve themselves of the legal obligation.

19.. However, since the premises of the unit has not been officially handed back is presumed to be in their possession, the unit is under legal obligation to pay the lease rentals till they vacate the premises and also to pay all outstanding statutory dues to this office and submit no dues certificate from APEPDCL and from Customs Wing, VSEZ to enable them to vacate from VSEZ premises.


(A.Rama Mohan Reddy) IFS
Development Commissioner

To

M/s. G.S.Paper Industries & Products.HiG-56, Simhapuri Layout, Vepagunta,
Visakhapatnam
Factory: M/s.G.S.Paper Industries & Products, Trading Shed No.17 &18, VSEZ,
Duvvada, Visakhapatnam.

Copy to:

1. Specified Officer, VSEZ- with a direction that necessary steps may be taken to safe guard the revenue consequent to the Cancellation of the Letter of Approval by verifying the value of imports/procurements that were made duty-free and its proper utilization by the unit in terms of Rule 77 of SEZ Rules.
2. The Secretary, VSEZA, Administrative Building, Duvvada, VSEZ, Visakhapatnam-with a request to take steps for vacating the unit in co-ordination with Customs Wing, VSEZ