

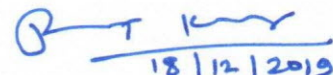
F.No. 11023/08/2019-PMI-II  
Government of India  
Ministry of Chemicals & Fertilizers  
Department of Fertilizers

Shastri Bhawan, New Delhi

Date: 18.12.2019

**Subject:- Revised guidelines for Processing/Granting Techno-Economic Clearance proposal for availing custom duty concession on imported goods/items.**

The undersigned is directed to forward herewith the revised guidelines (copy enclosed) for Processing/Granting Techno-Economic Clearance proposal for availing custom duty concession on imported goods/item for renovation/modernization of fertilizer plants, expansion/revival of existing fertilizer plants and setting up of new fertilizer plants/projects. This guideline is in supersession of all earlier guidelines/order issued by the Department. As per the revised guidelines, the concerned fertilizer company shall pay the technical consultation fee (as to be decided by Government from time to time) to the notified outside agency (s) for the purpose. Presently, PDIL is entrusted for technical examination. The revised guideline will be effective from the date of issue.

  
18/12/2019

(Pankaj Kumar)

Assistant Director (PMI)

To,

1. The MD/CMD of all Fertilizer's Companies
2. DG, Fertilizers Association of India
3. DG, ICFFTR
4. DS (IT) for uploading on Department's website

Copy to:

1. AS&FA/AS(DP)/JS(PS)/JS(GS)/EA
2. Dir(P&K)/Dir(Fert.)/Dir(DBT)/Dir(FS)/Dir(Fin.)/Dir(PSU)/DS(Budget)/DS(FI CC)/AC(M)

Copy also to: Sr.PPS to Secretary (F).



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**Revised guidelines for processing / granting Techno-Economic Clearance proposals for availing customs duty concession on imported goods / items for renovation/modernization of fertilizer plants, expansion / revival of existing fertilizer plants and setting up of new fertilizer projects.**

In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 and sub-section (12) of section 3 of Customs Tariff Act, 1975, the Department of Revenue, Ministry of Finance has from time to time issued notification for availing custom duty concession on imported goods/ items. In terms of these notifications, fertilizer companies can avail custom duty concession at 5% standard rate from so much of the custom duty leviable on import of goods as specified in the notification for renovation / modernization of fertilizer plants and expansion / revival of existing fertilizer plants, setting up of new fertilizer projects subject to fulfilment of condition laid down in the said notification.

2. As per the condition laid down in the Department of Revenue, Ministry of Finance notification, the Department of Fertilizers has from time to time issued guidelines for processing Techno-Economic Clearance (TEC) proposals for availing concessional custom duty on imported goods / items for renovation / modernization of fertilizer plants and expansion / revival of existing fertilizer plants, setting up of new fertilizer projects.

3. The existing guidelines have been comprehensively reviewed and revised in supersession of all earlier guidelines/order/instructions issued by the Department.

4. Techno-Economic Clearance (TEC) proposals for availing concessional custom duty on imported goods / items for renovation / modernization of fertilizer plants and expansion / revival of existing fertilizer plants, setting up of new fertilizer projects in terms of the Department of Revenue, Ministry of Finance notification shall contain the following details:

- (a) Whether the proposal falls under Department of Revenue, Ministry of Finance notification for availing concessional import duty? If so, justification of replacement / renovation / modernization project from essentiality angle.
- (b) Whether the item proposed for replacement has already outlived its normal economic life? In case the equipment is to be replaced before completion of its normal life, detailed reason for replacement should be indicated.

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18-12-2019



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- (c) If the item(s) is / are replacement in nature, date of last time replacement of that item(s) be provided.
  - (d) Break-down history, maintenance cost, operational limitation and loss of production over a period of last three years of items, proposed for renovation/ modernization/ replacement.
  - (e) Economic benefits that can be quantified, including energy & feedstock saving, enhancement of capacity utilization and life time of the project.
  - (f) Total estimated cost of the renovation/ modernization scheme along with item-wise import components.
  - (g) Custom duty on proposed imported goods, expected amount of concessional custom duty in accordance with latest custom notification.
  - (h) Whether the Board/ Governing Body of the fertilizer companies has approved the proposal? Copy of the approval be provided.
5. In case of proposal for project imports: expansion / revival of existing fertilizer plants, setting up of new fertilizer projects (both Chemicals and Fertilizers), TEC for availing customs duty benefit shall be recommended to the custom authorities subject to the condition that the imported items will be used for manufacture of fertilizers.
6. TEC proposals for availing customs duty concession on imported goods / items for renovation / modernization of fertilizer plants, substantial expansion/ setting up of new fertilizer projects complete in all respect shall be submitted directly to Economic Adviser/Joint Secretary, Department of Fertilizers. Incomplete proposals shall be out rightly rejected. While returning the proposal, reasons for rejection will be indicated with the advice to submit complete proposal afresh.
7. TEC proposals shall be processed / granted in two stage clearances procedure as under:

**1<sup>st</sup> Stage Clearance:**

First stage clearance will be granted after essentiality is established. Essentiality of the project will be examined as per check list given in para 4 above, examination of the project by an outside agency (s), notified for the purpose, from technical angle. Such agency (s) will have to submit a technical feasibility report certifying that the goods / items proposed to be imported are prudent for renovation/modernization / setting up of the plant. The concerned fertilizer company shall pay the technical consultation fee, as decided by the Government from time to time, to the notified agency (s). On receipt of technical / essentiality feasibility report, 1<sup>st</sup> Stage Techno-Economic Clearance will be

*dmr*  
18-12-2019



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granted with the approval of Secretary (Fertilizers). The processing of first stage clearance shall be completed within 21 working days from the date of receipt.

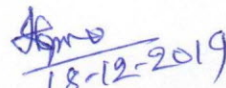
**2<sup>nd</sup> Stage Clearance:**

At the second stage, Department of Fertilizers would attest the list of goods imported after ensuring that the following:

- (a) Submission of list of imported items for attestation in triplicate.
- (b) Confirmations of imported items for attestation are contained in the original list of items approved at the time of 1<sup>st</sup> Stage Clearance.
- (c) Submission of invoice of imported items for attestation.
- (d) Submission of an undertaking in the prescribed format (**Annexure-I**).

The lists of imported goods shall be attested by an officer of the rank of Dy. Secretary and above to the Govt. of India in consultation with Economic Adviser/JS of the Department. The processing of second stage clearance shall be completed within 15 working days from the date of receipt.

This issues with the approval of the Hon'ble Minister (C&F).

  
18-12-2019  
(Johan Topno)

Deputy Secretary to the Govt. of India  
Phone: 011-23388064

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**Annexure-I**

**UNDERTAKING**


I.....on behalf of  
.....(company's name) hereby declare that the information furnished for grant of Techno Economic Clearance(TEC) of 1<sup>st</sup>Stage as well as 2<sup>nd</sup> Stage for the Project .....are true, complete and correct to the best of my knowledge and belief. I also undertake that we have followed a valid and proper procedure for importing the items and eligible for custom duty concession as per latest Customs Notification issued by the Ministry of Finance, Department of Revenue.

2. I also undertake that we have followed due competitive process and taken all cares to get product / items at best and reasonable price.

3. I further declare that in case any information, document submitted by me being found false or incorrect at any stage by any authority/agency, .....(company name) will be solely responsible for that and will be liable to be punished with imprisonment and/or fine as per the relevant provisions of law.

Date:

Place:

  
18-12-2019

Signature with Name and Stamp