MINIMUM VALUE ADDITION REQUIREMENT FOR CERTAIN ITEMS UNDER EPZ SCHEME PARA 97 OF THE EXIM POLICY

I. ELECTRONICS
   Computer Software 60%

II. TEXTILES
   (a) Readymade garments 40%
   (b) Made-ups 30%
   (c) Cotton Yarn and Cotton Polyester Yarn (ring spindles spun) 30%
   (d) Cotton Yarn and Cotton Polyester Yarn (open end spinning) 30%
   (e) Piece goods 30%
   (f) Denim fabrics 30%
   (g) Terry Towels 30%
   (h) Silk fabrics 30%
   (i) Silk and high fashion garments 30%

III LEATHER PRODUCTS
   (a) Leather Footwear 30%
   (b) Leather Shoe Uppers 30%
   (c) Leather garments / goods 30%
   (d) Sports Shoes / Sports footwear 30%

IV. GEMS AND JEWELLERY
   (a) Plain Gold jewellery 10%
   (b) Studded Gold jewellery 15%
   (c) Silver jewellery 25%

V. OTHERS
   (a) Latex gloves 40%
   (b) Granite 50%
   (c) Test and Measuring instruments, Industrial control valves
      photo copiers, medical & musical instruments 20%
   (d) Clocks / Time pieces / Wrist watches 30%
   (e) Cigarette lighters 40%
   (f) Cigarettes 30%
   (g) Bristles including brushes 30%
   (h) Tissue culture plants 60%

REVISED VA FORMULA FOR EPZ SCHEME

VA for the purposes of EPZ scheme shall be expressed as a percentage and shall be calculated for a period of five years from the commencement of commercial production according to the following formula.

\[ VA = \frac{A-B}{A} \times 100 \]

where

VA is value addition
A is the FOB value of exports realised by the EPZ unit, and
B is the sum total of the CIF value of all imported inputs, the CIF value of all imported capital goods, and the value of all payments made in foreign exchange by way of commission, royalty, fees, dividends, interest on external borrowings during the first five year period or any other charges. “Inputs” means raw materials, intermediaries, consumables, components, parts and packing materials.

Note: 1. If any input is obtained from another EPZ unit, the value of such inputs shall be included under B
2. If any capital goods imported duty free is leased from a domestic leasing company, the CIF value of the capital goods shall be included under B
3. In the case of projects where the investment in land, building, plant and machinery exceeds Rs. 200 crores, the value of capital goods shall be amortised over a period of seven years, i.e. in such cases only \( \frac{5}{7} \)th of the CIF value of the imported capital goods shall be included under B

VALUE ADDITION FORMULA ADOPTED UNDER DUTY EXEMPTION SCHEME

\[ VA = \frac{A-B}{A} \times 100 \]

where

VA is Value Addition
A is the FOB value realised by the export of the product covered by the licence
B is the CIF value of the imported inputs covered by the licence plus any other imported materials used.