DGFT

QCO exemption widened to all permissible SEZ imports

DGFT Notification No. 20/2026-27 exempts SEZ units and developers from QCOs on all permissible imports used in the zone; DTA clearance must meet QCOs.

THE DIRECTORATE GENERAL of Foreign Trade (DGFT), Department of Commerce, Ministry of Commerce and Industry, issued Notification No. 20/2026-27, S.O. 2827(E), dated June 2, 2026. It was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (ii), No. 2733, dated June 3, 2026. The Central Government made it under Section 3 read with Section 5 of the Foreign Trade (Development & Regulation) Act, 1992, read with Paragraph 1.02 of the Foreign Trade Policy (FTP) 2023. Its subject is the applicability of Quality Control Orders (QCOs) and Bureau of Indian Standards (BIS) requirements to imports by Special Economic Zone (SEZ) Units and Developers. It amends Para 2.03(A)(iii) of the FTP "with immediate effect" and sets the existing para beside the revised one.

KEY FACTS

AUTHORITY

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June 2, 2026

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Directorate General of Foreign Trade, Department of Commerce, Ministry of Commerce and Industry

DOCUMENT

Notification No. 20/2026-27, S.O. 2827(E)

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Under the existing para, SEZ imports of inputs required for export production were exempt from mandatory QCOs issued under the BIS Act, 2016. No clearance of those inputs, or of goods made out of them, into the Domestic Tariff Area (DTA) was allowed, and the SEZ Unit gave an undertaking to that effect to the Development Commissioner of the SEZ at the time of import. The exemption was "available for physical exports only" and was further subject to para 2.03 (c) of the FTP.

The revised para gives SEZ Units or SEZ Developers the exemption from QCOs issued under the BIS Act, 2016 for import of all permissible goods, including raw materials, components, consumables, spares and capital goods, required for authorized operations within SEZs, in accordance with the SEZ Act, 2005 and Rule 27 of the SEZ Rules, 2006. The exemption applies only to the use of the imported goods within the SEZ for authorized operations. Any removal, transfer or clearance of the goods, or of goods manufactured or processed from them, into the DTA is subject to compliance with the applicable QCOs, BIS requirements and any other applicable laws, rules or regulations in force at the time of that clearance. The SEZ Unit or SEZ Developer gives an undertaking to that effect to the Development Commissioner at the time of import.

The notification states its effect: the para is amended to align the QCO exemption for imports by SEZ Units and Developers with the SEZ Act, 2005 and the SEZ Rules, 2006, and "to bring clarity regarding the applicability of QCOs". The revised text has no limit to physical exports and does not refer to para 2.03 (c) of the FTP. The notification does not list the QCOs, does not say how compliance is checked when goods are cleared into the DTA, and makes no provision for goods imported before it took effect. It was issued with the approval of the Minister of Commerce & Industry and is signed by Lav Agarwal, Director General of Foreign Trade and Ex-officio Additional Secretary, under F. No. 01/89/180/13/AM-15/PC-2(A)/[E5910].

Issued by	Directorate General of Foreign Trade, Department of Commerce, Ministry of Commerce and Industry
Document	Notification No. 20/2026-27, S.O. 2827(E)
Dated	June 2, 2026
Published	Gazette of India, Extraordinary, Part II, Section 3, Sub-section (ii), No. 2733, June 3, 2026
Takes effect	With immediate effect
Amends	Para 2.03(A)(iii) of the Foreign Trade Policy 2023
Applies to	SEZ Units and SEZ Developers importing goods subject to QCOs issued under the BIS Act, 2016
Outside the QCOs	All permissible goods, including raw materials, components, consumables, spares and capital goods, required for authorized operations within SEZs, for use within the SEZ
Clearance into the DTA	The goods, and goods manufactured or processed from them, must meet the applicable QCOs, BIS requirements and other laws, rules or regulations in force at the time of clearance
Undertaking	To the Development Commissioner of the SEZ, by the SEZ Unit or SEZ Developer, at the time of import
Before	Only inputs required for export production; physical exports only; no DTA clearance of the inputs or goods made from them; subject to para 2.03 (c) of the FTP
Legal basis	Section 3 read with Section 5, Foreign Trade (Development & Regulation) Act, 1992; Paragraph 1.02, Foreign Trade Policy 2023
Signed by	Lav Agarwal, Director General of Foreign Trade & Ex-officio Addl. Secy.
File number	F. No. 01/89/180/13/AM-15/PC-2(A)/[E5910]

Para 2.03A(iii) of FTP 2023, existing and revised

Para	Text
Existing Para 2.03A(iii)	Exemption from applicability of mandatory QCOs issued under the BIS Act, 2016, shall be provided to SEZ on import of inputs which are required for export production. No DTA clearance of such inputs or goods manufactured made out of such inputs, are allowed. An undertaking to that effect will be submitted to the concerned Development Commissioner of the SEZ by the SEZ Unit at the time of importation. The exemption from QCO will be available for physical exports only. This exemption is further subject to para 2.03 (c) of FTP.

Revised Para 2.03A(iii)	Exemption from applicability of Quality Control Orders (QCOs) issued under the BIS Act, 2016, shall be provided to SEZ Units or SEZ Developers for import of all permissible goods, including raw materials, components, consumables, spares, and capital goods, required for authorised operations within Special Economic Zones (SEZs), in accordance with the provisions of the SEZ Act, 2005 and Rule 27 of the SEZ Rules, 2006 made thereunder. Such exemption shall apply only for the use of the imported goods within the SEZ for authorised operations. However, any removal, transfer or clearance of such goods, or goods manufactured or processed therefrom, from the SEZ into the Domestic Tariff Area (DTA) shall be subject to compliance with the applicable Quality Control Orders (QCOs), Bureau of Indian Standards (BIS) requirements and any other applicable laws, rules or regulations in force at the time of such clearance. An undertaking to the above effect shall be submitted to the concerned Development Commissioner of the SEZ by the SEZ Unit or SEZ Developer at the time of importation.

The notification (PDF, 561 KB)

Source: Gazette of India, CG-DL-E-06062026-273230.

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