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CONSULTANTS:

GST, CUSTOMS, FOREIGN TRADE LAWS,
FOREIGN EXCHANGE MANAGEMENT ACT.

OPINION

1. **Queriest :**

M/s.Lakshmi Cargo Company, Chennai on behalf of M/s.Mori Seiki India Private Ltd., Coimbatore.

2. **Facts :**

M/s.Mori Seiki India Private Ltd. is engaged in manufacture of CNC machines. They have a proposal to manufacture CNC metal working machines for export to various countries. Major components for use in manufacture of these machines will be imported from Japan. After adding local components, the machines will be manufactured and exported.

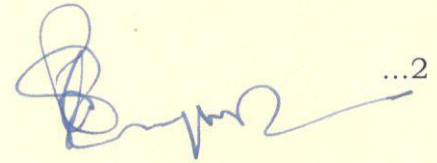
3. **Query :**

In the above background, the queriest wants to know whether there are any restrictions for export under SCOMET.


4. **Opinion :**

4.1 To provide the opinion, the queriest has made available xerox copy of the catalogue for the machine CMX 600 Vi in loose sheets. Subsequently they have made available certain test reports also and finally, a chart was made available reportedly forwarded to them from component's supplier in Japan showing test results for various models. This chart shows accuracy levels in microns as average values in various test results. The chart forwarded by the queriest and forming part of this opinion is attached as **Annexure-1**. The queriest also forwarded a mail from Mr.Sathiya Narayanan of LMW regarding availability of rotary axes in the machine.

4.2 Appendix 3 of Schedule-2 to the Export Policy contains the list of Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET), the export of which, are regulated. In terms of this list, the items figuring in the list can be exported only against an export authorisation issued in that connection, unless export is permitted, otherwise, subject to certain conditions.

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- 4.3 As on date, as per the DGFT's website, there are 8 categories of items which figure in this list. Category 4 covers Nuclear related other equipment, assemblies and components as well as test and production equipment and related technology. In this category, 4A002 covers various machine tools for working on metals, ceramics etc. Various parameters are given against this sl.no. for different types of machines.
- 4.4 Similarly, category 8B2 covers certain material processing including test, inspection and production equipment. In this category 8B201 covers various machine tools and these are again subdivided based on specified parameters.
- 4.5 Sl.No.4A002a covers machine tools which have positioning accuracy better than 6 microns. 4A002b covers machine tools for milling which have positioning accuracies that are better than 6 microns or two or more contouring rotary axes or five or more axes which can be coordinated simultaneously for contouring control. 4A002c covers machine tools for grinding with similar parameters and the only variation is with regard to positioning accuracy, which is prescribed as better than 4 microns. The full extract of 4A002 is attached as **Annexure-2** to this opinion.
- 4.6 Under category 8B201a, machine tools for turning having two or more axes which can be coordinated simultaneously with specified accuracies for positioning repeatability are covered.
- 4.7 Under 8B201b(1), machine tools for milling where three linear axes plus one rotary axis which can be coordinated simultaneously for contouring control with accuracy parameters for positioning repeatability as specified are covered. 8B201b(2) covers machines having five or more axes which can be coordinated simultaneously for contouring control having specified parameters with regard to the accuracies of positioning repeatability. 8B201b(3) covers jig boring machines which have unidirectional positioning repeatability of accuracy better than 1.1 micron. 8B201b(4) covers fly cutting machines with certain parameters. 8B201c covers machine tools for grinding having accuracy of unidirectional positioning repeatability as specified with three or more axes which can be coordinated simultaneously. Alternatively, it covers machines having five or more axes with specified parameters.



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- 4.8 8B201e covers machine tools which remove material by water or other liquid jets or electron beam or laser beam and with two rotary axes having specified parameters. 8B201f covers deep hole drilling machines and turning machines with maximum depth of bore capability exceeding 5 m. Full extract of 8B201 is attached as **Annexure-3** to this opinion.
- 4.9 With regard to Sl.No.4A002b(1) it has been confirmed by mail by the queriest that the positioning accuracy is above 8 microns. With regard to 8B201b(1)(a) information is provided by the queriest to the effect that the average value is 2.16 microns and above.
- 4.10 The loose xerox sheets of the machine brochure produced for providing the opinion indicate that there are only three axes; in the subsequent mail it has been confirmed that the machine does not have the option of controlling two or more contouring rotary axes. The mail reads thus,
- “CMX600Vi is a basic general purpose 3 axis machine. It has the capability of simultaneous 4 axis (contouring along 3 linear axis and one rotary axis). Interface only is provided for one additional axis (Rotary axis).
- This machine does not have the option of controlling two or more counteracting rotary axis and does not perform the functions of simultaneous 5 or more axis operations.”
- 4.11 Thus, prima facie, based on the information made available it appears that the subject machine may not fall within the SCOMET list as it appears in DGFT website. However, the queriest has to reconfirm with a qualified technical expert / mechanical engineer as to whether the full specification and accuracy details of the machine under question do or do not match the various parameters prescribed for the metal working machines in the two entries in the SCOMET list to decide the applicability of export authorisation for export of these machine tools.



S. MURUGAPPAN

sm/ss

Disclaimer:- The above opinion is provided based on the information and documents made available to us by the queriest and further based on the laws and rules prevalent as on date and the understanding of such provisions by the author and is meant for the private use of the person to whom it is provided without assuming any liability for any consequential action taken based on the views expressed here.