

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:3691
ANSWERED ON:16.05.2006
EXPORT ORIENTED UNITS
Nahata Smt. P. Jaya Prada;Nitish Kumar Shri

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether Export Oriented Units and units under Special Economic Zones do not qualify the benefits under the Vishesh Krishi Upaj Yojana and Gram Udyog Yojana even if they undertake export of fruits, vegetables, etc. under the newly introduced scheme;
- (b) if so, the reasons therefor; and
- (c) the steps taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH)

(a) In the Foreign Trade Policy 1st September 2004 – 31st March 2009 updated as on 7.4.2006, exports made by SEZ units and EOUs do not qualify for Vishesh Krishi and Gram Udyog Yojana benefits.

(b) & (c) Special Economic Zone is conceptually a foreign territory as all supplies to SEZ units are treated as physical exports and hence Government does not intend to incentivise export from a unit located in an SEZ. Similarly, EOUs have a special status of tax exemptions and permission to import various requirements, including the ones in Agricultural sector, duty free, and also enjoy Income Tax benefits and have a prior commitment to undertake exports and therefore VKGUY benefits are not extended to EOU units. Further, these units have been set up primarily for exports.