

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

STARRED QUESTION NO:529

ANSWERED ON:03.05.2010

EXPORT PROMOTING UNITS

Adhalrao Patil Shri Shivaji;Viswanathan Shri P.

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

- (a) the share of exports made by the export promoting units in the total exports of the country during each of the last three years, percentage-wise;
- (b) the details of the tax rebates and other facilities extended to these units during the said period, value-wise;
- (c) whether the Government has received any report on the export incentives being misused by some of these units; and
- (d) if so, the details thereof alongwith the steps taken by the Government in this regard?

Answer

MINISTER OF COMMERCE AND INDUSTRY (SHRI ANAND SHARMA)

a) to d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 529 FOR ANSWER ON 3RD MAY 2010 REGARDING "EXPORT PROMOTING UNITS"

(a) The share of Export Oriented Units (EOUs) in the total exports of the country are about 12.24%, 25.74%, 21.04% and 8.83% (provisional) during the year 2006-07, 2007-08, 2008-09, 2009-2010 (April-December) respectively.

(b) Export Oriented Units (EOUs) are eligible for fiscal concessions which include duty free import/domestic procurement and reimbursement of Central Sales Tax (CST) on capital goods, raw materials, consumables for their production activities and corporate tax exemption on export income for a specified period. The duty foregone on account of direct taxes and indirect taxes under Export Oriented Unit/Electronic Hardware Technology Park/Software Technology Park Schemes is given as under:

(Rupees in crores)

Year	Direct Taxes	Indirect Taxes
2007-08	17681.00	18978.00
2008-09	19596.00	13401.00
2009-10 (Estimated)	23253.00	8015.00

Source: Receipt Budget, Govt. of India 2009-10 & 2010-2011 for Direct and Indirect Taxes

(c) & (d) Comptroller and Auditor General (C&AG) had conducted a Performance Audit of EOU scheme for the year ended March 2006. C&AG had reported violations such as Non/short fulfilment of export obligation, Excess and inadmissible imports, Irregular and unauthorized DTA sales, Excess reimbursement of CST, Drawback on DTA sales, Non-realisation of export proceeds, Irregular de-bonding, and Non receipt of re-warehousing certificates. The observations of C&AG were laid on the table of both Houses of Parliament as Report No. 7 of 2007 (Indirect Tax). Steps have been taken by Government to curb such violations which include joint monitoring of the performance of the EOU Units by officers of Customs and Central Excise and Development Commissioners on a regular basis, action against such units under the provisions of Foreign Trade (Development & Regulation) Act, 1992, Customs Act, 1962 and Central Excise Act, 1944.