

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

UNSTARRED QUESTION NO:4475

ANSWERED ON:22.04.2013

EXPORT ORIENTED UNITS

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

- (a) the number of large and small Export Oriented Units (EOUs) set up in the country along with the number of proposals received as well as approved by the Government for setting up of further such units during each of the last three years and current year, State-wise;
- (b) the details regarding exports made from these units along with the amount of concessions provided by the Government to these EOUs during the said period;
- (c) the norms adopted by the Government for setting up EOUs in the country;
- (d) whether the Government is planning to extend tax exemptions upto hundred per cent for the next three years and if so, the details thereof and if not, the reasons therefor along with the measures being taken by the Government to protect the interests of the EOUs in the wake of the recent economic slowdown;
- (e) whether there is any mechanism to monitor and prevent the misuse of the concessions granted to the EOUs and if so, the details thereof; and
- (f) whether cases of violation of norms or prescribed guidelines by EOUs have come to the notice of the Government and if so, the details thereof along with the punitive action taken against the defaulters during the above period?

Answer

MINISTER OF COMMERCE AND INDUSTRY (SHRI ANAND SHARMA)

(a) : The details of EOUs set up in the Country, the no. of proposals received and approved by the Government and exports from these EOUs during the last three years are as per annexure.

(b) : The benefits extended under EOU Scheme are broadly exemptions from direct and indirect taxes and CST. However, the income tax benefits for EOUs, under Section 10B of the Income Tax Act have been withdrawn from the financial year 2011-12. The estimated revenue foregone under EOU /STP/EHTP Scheme since 2009-10 are as under.

Year	Exports from EOUs (Rs. In crores)	Concession (Rs. In crores)	Revenue foregone#	CST/DBK reimbursement
09-10	84135.66	21179.00	304.93	
10-11	76031.13	20109.87	305.51	
11-12	79343.28	4605.00	295.54	

(c) Proposals for setting up units under EOU scheme under automatic route are considered by the Unit Approval Committee taking into account such as, residence proof, Income Tax return of all the promoters for the last three years, experience of all promoters, marketing tie-ups etc. Wherever necessary, these are verified through personal interview with the promoters of the project.

Further, as per the provisions of Para 6.6(d) of the Foreign Trade Policy only projects having a minimum investment of Rs. 1 crore in plant and machinery can be set up under Export Oriented Unit (EOU) scheme. This condition does not apply to proposals for Handicrafts, Agriculture, Floriculture, Aquaculture, Animal Husbandry, Information Technology, Services, Brass Hardware and Handmade Jewellery sectors. The Board of Approval (BOA) can also allow establishment of EOUs with a lower investment criteria on a case to case basis.

(d) No such proposal is under consideration of the Government at present.

(e) & (f) : There is a mechanism to monitor and prevent the misuse of the concessions granted to the EOUs which is implemented through a joint control by the Ministry of Commerce (represented by the Development Commissioner) and the Ministry of Finance (represented by the Commissioner, Central Excise, Customs & Service Tax). Further there is statutory framework to monitor and prevent misuse of the EOU scheme through legal provisions made under the provisions of Foreign Trade (Development & Regulation) Act 1992, Customs Act 1962, Central Excise Act 1944 and Rules made thereunder. In the event of an EOU found violating any norm such as non/short fulfillment of export obligation, excess and inadmissible imports irregular and unauthorized DTA sales, excess

reimbursement of CST, drawback on DTA sales, non-realization of export proceeds, irregular de-bonding, non receipt of re-warehousing certificates, etc. duty exemptions are withdrawn and necessary recoveries are made after following due process of law in addition to imposition of penalties etc. as per provisions of Foreign Trade (Development & Regulation) Act, 1992, Customs Act 1962, Central Excise Act 1944 and Rules made there under.