

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

UNSTARRED QUESTION NO:1002

ANSWERED ON:12.08.2013

CONCESSIONS TO EXPORTERS

Bajirao Shri Patil Padamsinha ;Bali Ram Dr. ;Laguri Shri Yashbant Narayan Singh;Ray Shri Saugata;Sinh Dr. Sanjay

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

- (a) whether the Government has provided financial assistance to various States for the infrastructure development of exports and if so, the details thereof along with the funds released under the scheme during each of the last three years and the current year, State-wise;
- (b) the details of the proposals received and pending from various States for the release of funds for various projects, State-wise along with the time likely to be taken by the Government to consider the pending proposals;
- (c) whether the Government provides incentives under the Export Oriented Units (EOUs) Scheme and if so, the details thereof along with the details of the Export Oriented Units across the country;
- (d) whether these units have been able to achieve the export target fixed for these units and if so, the details thereof along with the total exports made by these units during the said period and if not, the reasons therefor;
- (e) the steps taken by the Government to review the functioning of these units and ensuring that the export targets are achieved and new opportunities are generated; and
- (f) whether cases of alleged misuse of the rebates/tax concession and violation of norms by EOUs have been reported and if so, the details of such cases along with the details of action taken by the Government so far in this regard?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. D. PURANDESWARI)

- (a) Yes, The details of amount released to each of the States/Union Territories under Assistance to States for Developing Export Infrastructure and Allied Activities (ASIDE) Scheme during last three years and the current year are enclosed as Annexure-I.
- (b) Under the ASIDE scheme, a major portion of the fund allocation is provided to all the States / UTs on the basis of a formula of last 4 years' export plus the population of the State. Funds are not released project-wise to State and it is left to the State Level Export Promotion Committee (SLEPC) Chaired by the Chief Secretary of the State to scrutinise and approve export linked projects out of this allocation given by Department of Commerce. A small proportion of the fund is earmarked for Central Government agencies undertaking export infrastructure projects in the States / UTs. A couple of proposals, complete in all respects with land documentation and duly vetted Detailed Projects Reports, are pending for consideration by the Department of Commerce subject to availability of funds (Annexure-II).
- (c) The incentives provided under the EOU Scheme include duty free sourcing of inputs including capital goods, procurement of goods from DTA without payment of Central Excise Duty, reimbursement of Central Sales Tax, DTA sale (including advance DTA Sale) upto 50% of F.O.B. value of physical exports permitted on payment of concessional rate of duty. The income of EOUs was exempted from payment of Income Tax upto 31.3.2011. The State-wise break up of number of functional EOUs, as on 31.3.2011 are enclosed as Annexure-III.
- (d) to (f) The Units are required to achieve positive Net Foreign Exchange (NFE) during a five years period and those Units who do not achieve the positive NFE have to pay/refund the tax benefits availed by them in addition to penal action which may be taken against them Government has taken steps to review the functioning of EOUs and ensuring that the export targets are achieved. These include joint monitoring of the performance of the EOUs by the Ministry of Commerce (represented by the Development Commissioner) and the Ministry of Finance  
  
(represented by the Commissioner, Central Excise, Customs & Service Tax). 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 any 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.