

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

UNSTARRED QUESTION NO:2769
ANSWERED ON:07.12.2009
SETTING UP OF EOUs
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) the norms adopted by the Government for setting up of Export Oriented Units (EOUs) in the country, State-wise;
- (b) whether the Government is planning to extend tax exemption on hundred percent EOUs for another three years as demanded by the industry to compete in the global market;
- (c) if so, the details thereof, State-wise;
- (d) if not, the reasons therefor; and
- (e) the measures being taken by the Government to protect the interests of hundred percent EOUs in the wake of ongoing slowdown in western markets?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA M. SCINDIA)

- (a) As per the provision 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 proposal 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. Proposals for setting up units for manufacturing of goods and services and undertaking to export their entire production {except permissible sale in Domestic Tariff Area (DTA)} are considered by the Development Commissioner/ Board of Approval taking into account certain requirements viz. Residence proof in respect of individual/partnership firms of all directors/Partners, Income Tax return of all the promoters for the last three years, Experience of the promoters, Inspection of the project site by an Officer etc. EOU scheme is part of Foreign Trade Policy governed by the Ministry of Commerce, Government of India and hence above norms are same throughout the country.
- (b) to (d) In the Union Budget 2009-10, income tax exemption to EOUs, under Section 10B of the Income Tax Act, has been extended for one year (till 31.3.2011).
- (e) Sunset clause under Section 10B of the Income Tax Act, has been extended by one year, interest subvention on pre and post shipment rupee export credit extended up to 31.3.2010, procedure for refund of service tax on the export of goods simplified and exemption from service tax granted to identified services.