

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

UNSTARRED QUESTION NO:751  
ANSWERED ON:27.02.2015  
EXPORT ORIENTED UNITS  
Maganti Shri Murali Mohan

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

- (a) the details of large and small Export Oriented Units (EOUs) presently functional in the country, State/UT-wise along with the norms adopted by the Government for setting up of such units;
- (b) whether the Government has received proposals from various States/UTs including Andhra Pradesh for setting up of such units;
- (c) if so, the details thereof indicating the number of proposals received as well as approved by the Government for such units during each of the last three years and the current year, State/UT-wise;
- (d) the quantity and value of export made from these units vis-a-vis its percentage in the total trade of the country along with the details of incentives/concessions provided by the Government to these units; and
- (e) the measures taken by the Government to boost such units to enhance country's export along with the mechanism put in place to monitor and prevent the misuse of the concessions granted to these units?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (INDEPENDENT CHARGE)  
(SMT. NIRMALA SITHARAMAN)

(a) : The details of EOUs presently functional in the country are furnished in Annex-I.

Proposals for setting up units under EOU scheme are considered by the Unit Approval Committee taking into account factors such as residence proof, Income Tax return of all the promoters for the last three years, experience of all promoters, marketing tie-ups etc.

Further, as per the provisions of Para 6.6.2 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.

(b) : Yes Madam.

(c) : The number of proposals received as well as approved by the Government for such units during each of the last three years and the current year, State/UT-wise are as per Annex-II.

(d) and (e) : Exports made by these units for the year 2013-14 amounted to Rs. 82072.71 Cr. i.e. 4.3% of the total exports of the country in the said year.

To boost exports by EOUs, various incentives are being provided by the Government under Chapter 6 of Foreign Trade Policy in addition to the Central Customs and Excise Act, Rules and Regulations. These may be broadly listed as under:

(i) Duty free sourcing of inputs including capital goods.

(ii) Procurement of goods from Domestic Tariff Area (DTA) without payment of Central Excise Duty.

(iii) Supplies by DTA manufacturer are eligible for deemed export benefits under Chapter 8 of Foreign Trade Policy.

(iv) Full reimbursement of Central Sales Tax.

(v) Central Value Added Tax (CENVAT) on service tax paid.

(vi) DTA sale (including advance DTA Sale) upto 50% of F.O.B. value of. Physical Exports permitted on payment of concessional rate of duty.

(vii) FDI upto 100% permitted as per the guidelines of Department of Industrial Policy and Promotion.

There is a mechanism to monitor and prevent the misuse of the concession 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). 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 that 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.