

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

UNSTARRED QUESTION NO:1443
ANSWERED ON:18.07.2014
SETTING UP OF EXPORT ORIENTED UNITS
Dubey Shri Nishikant

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

- (a) the details 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 such units during each of the last three years and the current year, State/UT-wise;
- (b) the norms adopted by the Government for setting up of such units;
- (c) 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;
- (d) whether these units have been able to produce the desired results during the said period and if so, the details thereof; 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 set up in the Country along with the no. of proposals received as well as approved by the Government for setting up of such units during three years are as per annexure.

(b): Proposals for setting up units under EOU scheme under automatic route 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. Wherever necessary, these are verified through personal interview with the promoters of the project.

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.

(c) to (e)

Yes Madam. Percentage of exports made by the EOUs in the country in the total trade during the last three years is as under:

YEAR	VALUE OF EXPORTS (IN CRORES)	PERCENTAGE
2011-12	83770.23	5.7%
2012-13	80290.79	5.0%
2013-14	82072.71	4.3%

Financial concessions granted to EOUs are extended by various departments of Central / State Govt. like Central Excise, Customs, and Department of Commerce. 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.

Incentives are being provided by the Government under Chapter 6 of Foreign Trade Policy / Procedure in addition to the Central Customs and Excise Act, Rules and Regulations.

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 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 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 thereunder.