

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
(DEPARTMENT OF COMMERCE)

LOK SABHA
UNSTARRED QUESTION NO. 2643
TO BE ANSWERED ON 12th MARCH, 2018

EXPORT ORIENTED UNITS

2643. SHRI KONDA VISHWESHWAR REDDY:

Will the Minister of **COMMERCE & INDUSTRY** (वाणिज्य एवं उद्योग मंत्री) be pleased to state:

- whether the number of Export Oriented Units (EOUs) have reduced over the previous years and if so, the details thereof;
- the details of steps taken by the Government to arrest the declining trend;
- whether the Government had set up any Committee to study and give recommendations for revamping EOUs scheme and if so, the details of key recommendations; and
- the number and details of recommendations accepted by the Government along with reasons for not accepting the other recommendations?

ANSWER

वाणिज्य एवं उद्योग मंत्रालय में राज्य मंत्री (श्री सी. आर. चौधरी)

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(SHRI C. R. CHAUDHARY)

- The number of functional Export Oriented units have reduced over the previous years. The details are mentioned below:

Year	No. of functional units
2013-14	2371
2014-15	2293
2015-16	2269
2016-17	2239
2017-18 (Provisional)	2197

- On the recommendations of Public Accounts Committee contained in their 82nd Report (16th Lok Sabha), a Committee under the Development Commissioner, KandlaSEZ has been constituted on 06.02.2018 to identify the shortcomings of EOU Scheme, conduct a comparative study of the benefits accrued to SEZ units and EOUs so as to find out the reasons for shifting of EOUs to SEZ sector and

suggest the remedial actions to be taken to arrest the declining number of EOUs and make EOU Scheme more attractive.

(c) A Review and Revamp Committee for EOU was set up under the chairmanship of Shri S. C. Panda, the then Development Commissioner, Noida SEZ in December 2010 to review and revamp the EOU Scheme with a mandate to suggest suitable steps to make the scheme more vibrant and attractive for investors, develop a synergy between EOU Scheme and SEZ Scheme and aligning the EOUs to make them more globally competitive. The Committee, in July 2011 submitted following 32 recommendations to revamp the EOU Scheme:

S.No.	Recommendation of Revamp Committee
1.	To extend Investment linked Income Tax benefit
2.	To allow exemption from Customs & Central Excise duty to all goods & services
3.	To exempt Service Tax on services consumed wholly within EOUs
4.	To exempt CST on goods supplied to EOUs
5.	To exempt State levies on the goods supplied to EOUs
6.	To rationalize administrative mechanism for setting up EOU and for efficient coordination
7.	To rationalize power for approval of the proposals for setting up EOUs
8.	To dispense with the minimum investment criteria for setting up EOU
9.	To align validity of the period of the LOP issued to EOU
10.	To align duration of goods and services in EOU with the term of LOP
11.	To allow broad banding of operations and activities in the EOU
12.	To expand scope of reconditioning / repair under para 6.16 of FTP
13.	Allowing warehousing facilities outside EOU premises and jurisdiction of DC
14 I	To define "similar goods" for DTA sale by EOUs
14 II.	To allow DTA sale by EOU on payment on full duty without any rider of NFE
14 III	To allow DTA sale of by products / waste & scrap within DTA entitlement
14 IV	To exclude wholly exempted goods from computation in DTA entitlement
15	To align deemed exports supplies for EOUs at par with SEZ unit & DTA supplier
16.	To rationalize fixation/amendment of SION for EOU
17.	To allow sharing of facilities among EOUs
18. I	To simplify job work procedure
18. II	To allow EOU to undertake job work for DTA purpose
18. III	To allow direct delivery of raw material to sub-contractor
19. I	To allow transfer of services from one to another EOU without payment of service tax
19. II	To allow inter unit transfer (IUT) of inputs among the group companies
19. III	To allow return of goods/services to unit, in case of rejection, without payment of duty
19 IV	To lay down uniform procedures for Inter-Unit Transfer (IUT) of finished goods
20.	To allow procurement of spares & components for after sales-service in DTA
21.	To dispense with the Procurement Certificate and CT-3 prior to procurement of goods
22	To reduce ceiling for self warehousing and self certification of goods by EOUs
23.	To dispense with Cost Recovery charge for services of Customs & C.Ex. officers
24.	To rationalize criteria for unblemished trade record
25.	To allow transfer of goods for repair / replacement, testing or calibration
26.	To rationalize report/return to be filed by EOUs
27.	To extend time for submitting shipping bill for export under self sealing/certification
28.	To allow credit facility against EEFC balances
29.	To allow retention of 100% export earning in EEFC account
30.	Power & functions of BOA and UAC under the IDR Act and FTDR Act
31.	To empower BOA as policy relaxation and Grievance redressal body for EOUs
32. I	Increase duty free procurement of spares to 15% from 5% for EOUs in granite sector
32. II	To allow removal of duty free spares to granite quarry site

(d) After Inter-Ministerial consultation, the following 8 recommendations were accepted in January 2014 and were implemented in FTP 2015-20:

- i. To align the validity of the period of Letter of Permission (LOP) issued to EOU.
- ii. To align duration of goods and services in EOU with the term of LOP.
- iii. Setting up of warehousing facilities outside EOU premises and outside the jurisdiction of DC was allowed.
- iv. Sharing of facilities among EOU/STP/EHTP/SEZ Unit was allowed.
- v. Inter-Unit transfer (IUT) of goods & services were allowed.
- vi. Self-warehousing and self-certification of goods imported/procured by EOUs.
- vii. Rationalization of reports/ returns to be filed by EOUs.
- viii. Extension of time for submitting shipping bill for export made under self-sealing / self-certification.
