

CHAPTER- 6

EXPORT ORIENTED UNITS (EOUs), UNITS IN EXPORT PROCESSING ZONES (EPZs), ELECTRONICS HARDWARE TECHNOLOGY PARKS (EHTPs) AND SOFTWARE TECHNOLOGY PARKS (STPs)

Eligibility	6.1	<p>Units undertaking to export their entire production of goods and services may be set up under the Export Oriented Unit (EOU) Scheme, Export Processing Zone (EPZ) Scheme, Electronic Hardware Technology Park (EHTP) Scheme or Software Technology Park (STP) Scheme. Such units may be engaged in manufacture, services, repair, remaking, reconditioning, re-engineering including making of gold/ silver/ platinum jewellery and articles thereof, agriculture, including agro-processing, aquaculture, animal husbandry, bio-technology, floriculture, horticulture, pisciculture, viticulture, poultry, sericulture and granites and may export all products except restricted and prohibited items of exports in ITC (HS). Units for generation/distribution of power may also set up in EPZs. No trading units shall be permitted.</p>
Export and import of goods	6.2	<p>An EOU/EPZ/EHTP/STP unit may export goods and services including agro-products, partly processed jewellery, sub-assemblies and components. It may also export by-products, rejects, waste scrap arising out of the production process.</p> <p>An EOU/EPZ/EHTP/STP unit may import without payment of duty all types of goods, including capital goods, as defined in the Policy, required by it for its activities as mentioned in paragraph 6.1 above or in connection therewith, provided they are not prohibited items of imports in the ITC (HS). The units shall also be permitted to import goods required for the approved activity, including capital goods, free of cost or on loan from clients.</p> <p>EOU/EPZ/EHTP/STP units may procure goods required by it for its activities or in connection therewith, without payment of duty, from bonded warehouses in the DTA set up under the Policy and from International Exhibitions held in India.</p> <p>STP/EHTP/EPZ may import without payment of duty all types of goods for creating a central facility for use by software development units in STP/EHTP/EPZ. The central facility for software development can also be accessed by units in the DTA for export of software.</p> <p>An EOU engaged in agriculture, animal husbandry, floriculture, horticulture, pisciculture, viticulture, poultry or sericulture may import without payment of duty only such goods as are permitted to be imported duty free under a Custom Notification issued in this behalf.</p> <p>Further EOUs in agriculture and horticulture engaged in contract farming shall be permitted to import/procure from DTA specified goods as at Appendix 14-B of Handbook (Vol.1) and take out the same to the fields of contract farmers for production or in connection therewith and bringing back the produce for exports.</p> <p>EOU/EPZ gem and jewellery units may also source gold/silver/ platinum through the nominated agencies.</p>

EOU/EPZ/EHTP/STP unit, other than service units, may also export to Russian Federation in Indian Rupees against repayment of State Credit/Escrow Rupee Account of the buyer subject to RBI clearance, if any.

Second hand Capital Goods	6.3		Second hand capital goods may also be imported without payment of duty.
Leasing of Capital Goods	6.4		An EOU/EPZ/EHTP/STP unit may, on the basis of a firm contract between the parties, source the capital goods from a domestic/foreign leasing company. In such a case, the EOU/EPZ/EHTP/STP unit and the domestic/foreign leasing company shall jointly file the documents to enable import/ procurement of the capital goods without payment of duty.
Net Foreign Exchange earning as a Percentage of exports (NFEP) and Minimum Export Performance (EP)	6.5		The minimum Net Foreign Exchange earning as a Percentage of Exports (NFEP) and the minimum Export Performance (EP) shall be as specified in Appendix I of the Policy. Items of manufacture for export specified in the Letter of Permission (LOP)/ Letter of Intent (LOI) alone shall be taken into account for calculation of NFEP and EP.
Letter of Permission/ Letter of Intent and Legal Undertaking	6.6	(a)	On approval, a Letter of Permission (LOP)/Letter of Intent (LOI) shall be issued by the Development Commissioner to EOU/EPZ/ EHTP/STP unit. The LOP/LOI shall have an initial validity of 3 years. Its validity may be extended by another 3 years, beyond initial validity, by the competent authority.
		(b)	LOP/LOI issued to EOU/EPZ/EHTP/STP units by the concerned authority would be construed as a licence for all purposes, including for procurement of raw materials and consumables either directly or through designated State Trading Enterprise. Standard format for LOP/LOI for EOU/EPZ units is given in Appendix 14-C.
		(c)	The unit shall execute a legal undertaking with the Development Commissioner concerned and in the event of failure to fulfil the performance, as stipulated in Appendix I of the Policy, it would be liable to penalty in terms of the legal undertaking or under any other law for the time being in force.
Application and Approvals	6.7	(a)	Only project having an investment of not less than Rs.50 lakhs and above in plant and machinery shall be considered for establishment under EOU scheme. (This shall however not apply to existing units and units in EPZ/EHTP/STP/ agriculture/ floriculture/aquaculture/ animal husbandry/ information technology, services and such other sectors as may be decided by the BOA). Applications for setting up of EOU/EPZ/EHTP/STP units, satisfying the conditions mentioned in paragraph 6.7 of the Handbook (Vol-I) may be approved by the concerned Development Commissioner within 15 days.