

CHAPTER-6

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

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| Eligibility | 6.1 | <ul style="list-style-type: none">(a) The Policy relating to Export Oriented Units (EOUs), units in Export Processing Zones (EPZs), Electronic Hardware Technology Parks (EHTP) and Software Technology Parks (STP) is given in Chapter 6 of the Policy.(b) Software Technology Park (STP)/Electronics Hardware Technology Park (EHTP) complexes can be set up by the Central Government, State Government, Public or Private Sector Undertakings or any combination thereof, duly approved by the Inter-Ministerial Standing Committee (IMSC) in the Ministry of Communication and Information Technology (Department of Information Technology).(c) Software units may undertake exports using data communication links or in the form of physical exports (which may be through courier service also), including export of professional services. |
| Exports and
Importability of goods | 6.2 | <ul style="list-style-type: none">(a) Capital goods, as defined in the paragraph 6.2 of the Policy shall include inter-alia the following and their spares:<ul style="list-style-type: none">(i) DG sets, captive power plants, transformers and accessories and consumables and spares for all above.(ii) Pollution control equipment.(iii) Quality assurance equipment.(iv) Material handling equipment, like fork lifts and overhead cranes.(v) Un-interrupted Power Supply System (UPS), Special racks for storage, storage systems, modular furniture, computer furniture, anti-static carpet, tele-conference equipment, Servo Control System, Air-conditioning system, panel for electricals.(vi) Security Systems.(vii) Tools, jigs, fixtures, gauges, moulds, dyes, instruments and accessories;(viii) Raw material for making capital goods for use within the unit.(b) Raw materials, components, consumables, intermediates, spares and packing materials. |

- (i) (Prototypes and technical samples for existing product(s) and product diversification, development or evaluation.
- (ii) Drawings, blue prints, charts, microfilms and technical data;
- (iii) Office equipment, including PABX, Fax machines, projection system, Computers, Laptop, server
- (iv) Spares and consumables for the above items.
- (v) Any other item with the approval of the BOA

Note: The above items may be new or second hand.

Conditions of Import

- (c) The import shall be subject to the following conditions:
 - (i) The goods shall be imported into the EOU/EPZ/EHTP/STP premises. However, agriculture and allied sectors and granite sector units in EOU/EPZ may supply/transfer the capital goods and the inputs in the farms/fields/quarries with prior intimation to the jurisdictional Customs/ Central Excise authorities, provided the ownership of the goods rests with EOU/EPZ units.
 - (ii) The normal procedure as prescribed under Customs/Excise rules for EOUs and units in EPZs/EHTP/STP will be followed and appropriate bond executed with Customs/ Excise authorities.
 - (iii) The goods, except capital goods and spares, shall be utilised by EOU as per Policy within a period of two years or as may be extended by Customs authorities.
 - (iv) Goods already imported/shipped/arrived before the issue of LOP/ LOI are also eligible for duty free clearance under the EOU/EPZ/EHTP/STP scheme provided customs duty has not been paid and the goods have not been cleared from Customs.
 - (v) EOU/EPZ units may import plain/studded gold/ platinum or silver jewellery for export after repairs/remaking.
 - (vi) EOU/EPZ units may obtain gold/ silver/ platinum from the nominated agencies on loan basis subject to the condition that the gold/silver/platinum jewellery shall be exported within the specified period from the date of release. This shall not, however, apply to outright purchase of precious metals from nominated agencies or if the same is obtained on loan other than from the nominated agencies

Import of capital goods

- (d) In the case of EOU/EPZ/EHTP/STP units, import of capital goods including second hand capital goods, may be permitted in accordance with the list attested by the Development Commissioner concerned

Re-import

- (e) The units may be allowed by the Customs/Central Excise

authorities concerned to re-import, after repairs abroad, machinery/ equipment exported by them for this specific purpose. Any foreign exchange payment for this purpose will also be allowed.

Fax machines/lap top computers

- (f) EOU/EPZ/EHTP/STP may install one fax machine at a place of its choice, outside the approved premises, subject to intimation of its location to the concerned Customs/Central Excise authorities.
- (g) EOU/EPZ/EHTP/STP units may, temporarily take out of the bonded premises duty free laptop computers and video projection systems for working upon by authorised employees.
- (h) EOU/EPZ/EHTP/STP units may install personal computers not exceeding two in number, imported/procured duty free in their registered/administrative office subject to the guidelines issued by Department of Revenue in this behalf.

(i) For IT and IT enabled services, persons authorized by the software units may access the facility installed in the EOU/EPZ/EHTP/STP unit through communication links.

Utilisation of goods

(j) The unit shall be able to account for the entire quantity of each category of homogenous goods imported/procured duty free, by way of exports, sales in DTA, transfer to other EOU/EPZ/EHTP/STP/SEZ units, and balance in stock. However, at no point of time the units shall be required to co-relate every import consignment with its exports, transfer of other EOU/EPZ/EHTP/STP/SEZ units, sales in DTA and balance in stock. In case of doubt the matter shall be referred to BOA for decision.

Export of jewellery at notional rate

The EOU/EPZ units shall be permitted to export the jewellery on the basis of a notional rate certificate to be issued by the nominated agency. This rate will be based on the prevailing Gold/USD rate and the USD/INR rate on the date of the Shipment.

(ii) The exporter shall have the flexibility to fix the price and repay the gold loan within 180 days from the date of export. The price shall be communicated to the nominated agencies who will issue a certificate showing the final confirmation of the rate to the bank negotiating the document, to ensure export proceeds are realized at this rate.

Second Hand Capital Goods 6.3

The licence referred to in paragraph 6.3 of the Policy for import of second hand capital goods shall, in the case of EOU/EPZ/ EHTP/ STP units, deemed to be the approval given by the concerned Development Commissioner.

Leasing of Capital Goods 6.4

(a) Capital goods procured from indigenous sources on the basis of lease agreement between the leasing company and the EOU/ EPZ/ EHTP/ STP unit, will be eligible for Central Excise exemption.

(b) The value of imported capital goods financed through leasing companies or obtained free of cost and/or on loan basis shall also be taken into account for the purpose of calculation of NFEP as defined in paragraph 6.5 of the Policy.

Minimum level of Net Foreign Exchange as a Percentage of exports (NFEP) and minimum Export Performance (EP) 6.5

Net foreign exchange earning as a percentage of exports (NFEP) under EOU/EPZ/ EHTP/STP schemes, as provided in paragraph 6.5 of the Policy, shall be calculated according to the following formula:

A - B

NFEP= ----- x 100,

A

Where

NFEP is Net Foreign Exchange Earning as a Percentage of Export

is the FOB value of exports by the EOU/EPZ/EHTP/STP unit; and

Bis the sum total of the CIF value of all imported inputs, the CIF value of all imported capital goods, and the value of all payments made in foreign exchange by way of commission, royalty, fees, dividends, interest on external borrowings during the first five year period or any other charges. "Inputs" mean raw materials, intermediates, components, consumables, parts and packing materials

NOTE:

(ii) If any capital goods imported duty free is leased from a leasing company, received free of cost and/or on loan basis or transfer, the CIF value of the capital goods shall be included or excluded, as the case may be, pro-rata, under B for the period it remains under bond

(iii) For annual calculation of net foreign exchange as a percentage of exports, imported capital goods and lumpsum payment of foreign technical know-how fee shall be included under B above as under:

		Units with actual investment in plant and machinery of Rs.5 crores and above.	Others
		1 st -2 nd year : 5% each year	1 st -2 nd Year : 10%
		3 rd - 5 th year : 10% each year	3 rd Year : 20%
		6 th -8 th year : 20% each year	4 th year : 30% 5 th Year : 30%

		<p>The minimum NFEP and EP are indicated in Appendix 1 of the Policy. In case of existing units the earlier NFEP and EP may be repeated at the time of renewal. However, NFEP and EP of such units will be revised, as per Policy, at the time of renewal of the approval or mid-term revision by the Development Commissioner, if such proposal envisages addition of installed capacity.</p> <p>Appendix I of the Policy only indicates the minimum level to be achieved, but does not preclude the Board of Approvals (BOA) or the Development Commissioner from prescribing a higher percentage where warranted.</p>
<p>Letter of Permission/ Letter of Intent and Legal Undertaking</p>	6.6	<p>The LOP/LOI shall specify the items of manufacture/service activity, annual capacity, projected annual export performance (EP) for the first five years in dollar terms, Net Foreign Exchange earnings as a Percentage of exports (NFEP), limitations, if any, regarding sale of finished goods, by-products and rejects in the DTA and such other matter as may be necessary and also impose such conditions as may be required.</p>

		The approved EOU/EPZ unit shall be required to execute a legal undertaking with the Development Commissioner concerned in the form given in Appendix 14-D of the Handbook (Vol.1).
Application and Approvals	6.7	<p>For setting up a unit in an EPZ or an EOU, three copies of the application in the form given in Appendix 14-A may be submitted to the Development Commissioner (DC) of the EPZ concerned.</p> <p>Application for setting up EHTP/STP unit shall be in the format prescribed by the Ministry of Communication and Information Technology (Department of Information Technology) and shall be submitted to the officer designated by the Department of Information Technology for this purpose.</p>
		<p>Sector specific conditions: The approval of proposals for setting up of EOUs for the manufacture and export of cotton yarn, tea, rice, meat, granite and petroleum products would be subject to the conditions mentioned in Appendix-14-B.</p> <p>Foreign investment into EOU/EPZ/EHTP/STP shall be governed by the guidelines of Department of Industrial Policy and Promotion on the subject.</p> <p>No EOU/EPZ units shall be approved unless it has an email address. The existing EOU/EPZ units are required to have their email address , failing which further imports and DTA sale may not be permitted by the Development Commissioner</p>
Distinct Identity		If an industrial enterprise is operating both as a domestic unit as well as an EOU/EPZ/ EHTP/STP unit, it shall have two distinct identities with separate accounts, including separate bank accounts. It is, however, not necessary for it to be a separate legal entity, but it should be possible to distinguish the imports and exports or supplies effected by the EOU/EPZ/EHTP/STP units from those made by the other units of the enterprise.
DTA sale of finished products/ rejects/waste/ scrap and by-products	6.8	<p>EOU/EPZ/EHTP/STP units may sell in the DTA rejects as per paragraph 6.8 (a) of the Policy subject to the following conditions:</p> <p>The term ÔrejectsÕ shall cover the products which have definite manufacturing defects and are not exportable as per declaration of the unit concerned and shall include sub-standard products, but not spares, tools, waste/scrap/remnants and by-products.</p> <p>The following parameters shall be kept in view for determining</p>

	<p>Rejects.</p> <p>The unit must certify that the rejects were an unavoidable feature on account of flaws of technology, technique or material deployed in manufacture.</p> <p>Rejects must be invoiced and stamped by the manufacturer as Rejects at the time of clearance into the Domestic Tariff Area.</p>
<p>DTA Sale and Bunching of products</p>	<p>DTA sale shall be admissible only to similar goods or which belong to the same class as that of the goods manufactured and exported from the unit. In case of doubt in regard to similar nature of goods, the matter shall be referred to the BOA for decision.</p> <p>Within the entitlement of DTA sale, as provided in paragraph 6.8 (b) of the Policy, the unit may sell in DTA its products and services. Entitlement will be determined in totality and not with reference to specific items. Detailed Guidelines on DTA sales are given at Appendix 14-F of the Handbook (Vol.1).</p>
<p>Disposal of waste/ scrap</p>	<p>Norms for disposal of Waste/scrap/remnants arising out of production process and in connection therewith, including wastage or manufacturing loss on gold/silver/ platinum jewellery and articles thereof, is given in Appendix 14-M of the Handbook (Vol.1).</p> <p>In respect of items not covered by Appendix- 14-M, Development Commissioner shall fix the wastage keeping in view the norms notified under Duty Exemption Scheme. For items not covered by these two, the Development Commissioner shall send proposals to the Board of Approval for decision. All cases where wastage norms have not been fixed by the Development Commissioner within 45 days from the date of receipt of application, the same shall be referred to the Board of Approval for information alongwith reasons for delay.</p> <p>EOU/EPZ units may clear scrap/waste/ remnants arising out of sub-contracting of production/production process from the job worker's premises, on payment of applicable duties, or bring it back to its own premises</p> <p>Scrap/Dust/sweeping of gold/silver/platinum may be sent to the Government of India Mint/Private Mint from the EOU/EPZ units and returned to them in standard bars in accordance with the procedure prescribed by the Customs authorities or may be permitted to be sold in the DTA on payment of applicable Customs duty, on the basis of gold/ silver/ platinum content, as may be notified by Customs.</p>

Other Supplies in DTA	6.9	<p>The unit will report the transactions in terms of sub-paragraphs 6.9 of the Policy to the Development Commissioner concerned on a quarterly basis. However, units effecting supplies in the DTA in terms of sub-paragraph 6.9 (b) of the Policy shall obtain permission from the concerned Development Commissioner. In all the cases, the unit shall indicate to the Development Commissioner concerned the quantity and value of items (category-wise), supplied in DTA and the total quantity and value of each such item produced by the unit as on the date during the year.</p>
		<p>The purchaser of the goods in the DTA shall be liable to pay the duties and taxes as may be applicable on the goods in question.</p>
		<p>Such DTA sales shall not affect the application to any goods of any other prohibition or regulation affecting import thereof in force at the time when such goods are imported. This also does not confer any immunity, exemption or relaxation at any time from any commitment or compliance with any requirements to which the importer may be subject to under other laws or regulations.</p>
Export through Status Holder	6.10	<p>Permission to export goods through Status Holder/Merchant Exporter or other EOU/EPZ/EHTP/STP/SEZ units in terms of paragraph 6.10 of the Policy extends only to the marketing of the goods by the Status Holder/ Merchant exporter or other EOU/ EPZ/ EHTP/ STP/ SEZ unit. The manufacture of the goods shall be done in the EOU/ EPZ/ EHTP/STP unit concerned. The level of NFEP and EP as well as any other conditions relating to the imports and exports as prescribed shall continue to be discharged by the EOU/ EPZ/ EHTP/ STP unit concerned. Such export shall fulfil the following conditions:</p> <p>The export orders so procured shall be executed within the parameters of EOU/EPZ/EHTP/STP schemes and the goods shall be directly transferred from the Customs bonded unit to the port of shipment.</p> <p>Fulfilment of NFEP/EP by EOU/EPZ/ EHTP/ STP units in regard to such exports shall be reckoned on the basis of the price at which the goods are supplied by EOU/EPZ units to Status Holder/ Merchant Exporter or other EOU/EPZ/ EHTP/ STP/SEZ unit.</p> <p>All export entitlements, including recognition as Status Holder would accrue to the exporter in whose name foreign exchange earnings are realised.</p>
Samples	6.11	<p>EOU/EPZ/EHTP/STP units may on the basis of records maintained by them, and on prior intimation to Custom authority :</p>

		<p>Supply or sell samples in the DTA for display/market/ promotion upto 1% of value of previous year's export or maximum of Rs.10 lakhs in case of new unit going into production, on payment of applicable duties;</p> <p>Remove samples without payment of duty, on furnishing a suitable undertaking to Customs authorities for bringing the samples back within a stipulated period;</p> <p>Export samples, including through courier agencies.</p> <p>Samples made in wax models, silver models and rubber moulds may also be exported by Gem & Jewellery units.</p>
<p><i>Entitlement for supplies from the DTA</i></p>	<p>6.12</p>	<p>An application for reimbursement of Central Sales Tax and grant of entitlements in terms of paragraph 6.12 (i) of the Policy may be made to the Development Commissioner of the EPZ concerned. The procedure to be followed and the form of the application for reimbursement of Central Sales Tax (CST) is given in Appendix 14-G of Handbook (Vol.1).</p> <p>The procedure for submission of application for grant of Replenishment License as contained in paragraphs 4.55 to 4.56 of this Handbook shall be applicable. However, the application shall be made to the Development Commissioner of the EOU/EPZ concerned. Such supplies to EOU/EPZ are not treated as deemed exports for the purpose of any of the deemed export benefits.</p> <p>Valuation of goods for deemed export benefit:</p> <p>For determining deemed export benefit the price declared by the DTA unit to the jurisdictional excise authorities shall be treated as the fair price</p>
<p>Other Entitlements</p>	<p>6.13</p>	<p>Units set up in EPZs will be charged rent for lease of industrial plots and standard design factory buildings/sheds as per rates fixed from time to time.</p>

Corporate tax: EOU/EPZ/EHTP/STP units engaged in manufacturing and services will be eligible for entitlements in respect of payment of income tax as per the provisions of Income Tax Act.

FOB value of export of an EOU/EPZ/ EHTP/STP units may be clubbed with FOB value of export of its parent company in the DTA or vice versa for the purpose of according Export House, Trading House, Star Trading House or Super Star Trading House status.

100% Foreign Equity: 100% FDI in the manufacturing sector is permissible to the EOU/EPZ/EHTP/STP units. For FDI in services and trading sector, the sectoral norms as notified by the Department of Industrial Policy & Promotion shall be applicable."

Software units may, in addition, also be allowed to use the computer system for training purpose (including commercial training) subject to the condition that no computer terminal shall be installed outside the bonded premises for the purpose.

Procurement of raw materials, components and consumables and export of finished products shall be exempt from Central levies.

Exemption from industrial licensing for manufacture of items reserved for SSI sector.

State Trading regime shall not apply to EOU/EPZ manufacturing units. Export of iron ore shall however be subject to the decision of the Government from time to time. Requirements of other conditions of exports like minimum export price/export in consumer pack etc. as per ITC(HS) shall apply in case the raw materials are sourced from DTA. Export of textile items shall be covered by bilateral agreements. Wood based units shall comply with the direction of Hon'ble Supreme Court contained in its order dated 12.12.1996 in Writ (civil) No, 202 of 1995-T.N.Godavarman Thirrumulypad v/s Union of India and others with WP(Civil) no 171 of 1996 in regards to use of timber/other wood.

Inter-Unit Transfer	6.14	Inter units transfers may be undertaken as per paragraph 6.14 of the policy.
Sub-contracting	6.15	Sub-contracting by EOU/EPZ units shall be subject to the following conditions:-

		<p>The job-worker's unit in the DTA shall be Central excise registrant;</p> <p>Goods shall be allowed to be sent out for subcontracting of production process only after initial processing;</p> <p>The goods after the jobwork shall be brought back to the unit within the period as may be allowed by the Assistant Commissioner/ Deputy Commissioner of Customs.</p> <p>The samples of the goods sent for subcontracting shall be drawn and sent in advance to the jurisdictional Customs or Central Excise authorities of the sub-contractor in DTA. However, this will not be required in case the sub-contracting is done through another unit in the same EPZ.</p> <p>Export finished goods directly from the job worker's premises may be permitted. However, export of such products from the job worker's premises shall not be allowed through third parties as provided under paragraph 6.10 of the Policy;</p> <p>EOU/EPZ/EHTP units may be permitted to remove moulds, jigs, tools, fixtures, tackles, instruments, hangers and patterns and drawings to the premises of sub contractors subject to the condition that these shall be brought back to the bonded premises of EOU/EPZ/EHTP unit on completion of the job work within a stipulated period.</p>
<i>Contract farming</i>		<p>EOUs in agriculture/horticulture engaged in contract farming may on the basis of annual permission from the Customs authorities take out inputs and equipments to the DTA farm subject to the following conditions:</p> <p>Supply of inputs by the EOU to the contract farm(s) shall be subject to the input-output norms notified by the Directorate General of Foreign Trade.</p> <p>There shall be contract farming agreement between the EOU and the DTA farmer(s);</p> <p>The contract farm(s) shall be within the jurisdiction of the same Commissioner of Customs/Excise under whose jurisdiction the unit is registered.</p> <p>The unit has been in existence for at least two years and engaged in export of agriculture/ horticulture products; otherwise it shall furnish bank guarantee equivalent to the duty foregone on the capital goods/inputs proposed to be taken out to the Assistant Commissioner of Customs/ Central Excise till the unit completes two years.</p>
Sale of unutilized material	6.16	Sale of unutilized material may be undertaken as per paragraph 6.16 of the policy.
Reconditioning/ Repair and re-engineering	6.17	Recondition/repair and re-engineering activities may be undertaken as per paragraph 6.17 of the Policy.
Replacement/	6.18	EOU/EPZ/EHTP/STP units may, on the basis of records

<p>Repair of imported/ indigenous goods.</p>		<p>maintained by them and prior intimation to Customs authorities:</p> <p>Transfer goods to DTA/abroad for repair/replacement, testing or calibration and return</p> <p>Transfer goods for quality testing/R&D purpose to any recognised laboratory/ institution upto a maximum of Rs. 2 lakhs per annum for items appearing in the negative list of imports and Rs.5 lakhs per annum for other items, without payment of duty, on giving suitable undertaking to the customs for return of the goods. However, if the goods have been consumed/destroyed in the process of testing etc. a certificate from the laboratory/ institution to this effect be furnished to the Customs.</p>
<p>Bonding</p>	<p>6.19</p>	<p>The entire operations of an EOU/EPZ/EHTP/STP shall be in a Custom bonded premises, unless otherwise specifically exempted from physical bonding.</p> <p>On completion of bonding period as provided for in paragraph 6.19 of the Policy, it shall be open to the unit to continue under the scheme or opt out of the scheme. If no intimation in this regard is received from the unit within a period of six months of expiry of the bonding period, the Development Commissioner will take action, suo moto, to debond the unit. Where the unit opts to continue, the Development Commissioner concerned will extend the bonding period and determine the NFEP and EP to be achieved during the extended period.</p>
<p>Debonding</p>	<p>6.20</p>	<p>Broad conditions governing debonding of EOU/EPZ/EHTP/STP units are indicated at Appendix 14-J of the Handbook (Vol.1).</p> <p>To facilitate resource building in educational and medical institutions, electronics units under the EOU/EPZ/EHTP/STP scheme would be allowed by Customs/Central Excise authorities concerned to donate imported/ indigenously procured (bought or taken on loan) computer and computer peripherals, including printer, plotter, scanner, monitor, key-board and storage units without payment of duty, two years after their import/ procurement and use by the units, to recognized non-commercial educational institutions, registered charitable hospitals, public libraries, public funded research and development establishments, organizations of the Government of India or Government of a State or Union Territory as per Custom/ Central Excise notification issued in this regard.</p> <p>Debonding of capital goods imported as second hand shall not be allowed under EPCG scheme. Second hand capital goods may be allowed to be disposed off in the DTA on payment of applicable Customs duty after 2 years from date of import.</p>

<p>Depreciation norms for capital goods</p>	<p>The depreciation norms for capital goods of units, including electronics, would be subject to an overall limit of 90% as notified by the Department of Revenue.</p> <p>Accelerated depreciation for computers and computer peripherals to all units and capital goods of IT hardware units shall be as follows:</p> <p>10% for every quarter in the first year;</p> <p>8% for every quarter in the second year;</p> <p>7% for every quarter in the third year;</p> <p>For capital goods, other than the above, the depreciation rate would be as follows:</p> <p>4 % for every quarter in the first year;</p> <p>3 % for every quarter in the second and third year; and</p> <p>2.5 % for every quarter in the fourth year and thereafter.</p>
<p>Conversion</p>	<p>6.21</p> <p>Conversion of an existing Domestic Tariff Area (DTA) unit into an EOU/EPZ/EHTP/STP may be permitted. For this purpose, the DTA unit may apply to the concerned DC, EPZ in the same manner as applicable to new units. In case there is an outstanding export commitment under the EPCG scheme, it will be subsumed in the export performance (EP) of the unit. If the unit is having outstanding export commitment under the Advance Licensing Scheme, it will apply to the Advance Licensing Committee for reducing its export commitment in proportion to the quantum of duty free material actually utilised for production and permitted to carry forward the unutilized material imported against the Advance Licence, if any, under the EOU/EPZ/ EHTP/ STP scheme.</p> <p>Existing EHTP/STP units desiring conversion as an EOU may apply to the DC of the EPZ concerned through the Officer designated by the Department of Information Technology IN the same manner as applicable to new units. Likewise EOU desiring conversion into EHTP/STP may apply to the officer designated by the Department of Information Technology through the DC of the EPZ concerned.</p>

		An EOU may be shifted to SEZ with the approval of BOA provided the EOU unit has achieved NFEP and pro-rata EP.	
Monitoring of NFEP/EP and Maintenance of Accounts	6.22	<p>NFEP and EP shall be monitored by the Development Commissioner in terms of paragraph 6.22 of the Policy as per the guidelines given in Appendix 14-C of the Handbook (Vol.1).</p> <p>The unit shall maintain in the specified form a proper account, including computerized account, of the import, consumption and utilisation of all imported materials and of the exports made by it and submit them periodically, as may be required, to the DC of the EOU/EPZ/EHTP/ STP concerned. The unit shall ensure minimum NFEP and EP as stipulated in Appendix 1 of the Policy. The unit shall also abide by all the terms and conditions incorporated in the LOP/ LOI/Industrial Licence (IL) issued to it. Failure to ensure minimum NFEP/EP as stipulated in Appendix-1 of the Policy or to abide by any of the terms and conditions of the LOP/LOI/IL shall render the unit liable to penal action under the provisions of the Foreign Trade (Development & Regulation) Act, 1992 and the Rules and Orders made thereunder without prejudice to any action under any other law/rules and cancellation or revocation of LOP/ LOI/ IL.</p>	
Export through Exhibitions / Export Promotion Tours / Export of Branded Jewellery/ sale through Show rooms abroad/ international airports.	6.23	(a)	EOU/EPZ unit shall produce to the Customs authorities the letter in original or its certified copy containing approval of the Development Commissioner for holding exhibitions/export promotion tour. For Gems and jewellery exhibition/export of branded jewellery, a self certified photograph of the products shall also be submitted. In case of re-import, such items, on arrival shall be verified along with the export documents before clearance.
		(b)	The exports through exhibitions/export promotion tours/ export of branded jewellery shall be subject to the conditions that items not sold abroad shall be re-imported within 60 days of the close of the exhibition. However, in case the exporter is participating in more than one exhibition within 45 days of close of the first exhibition, then the 60 days shall be counted from the date of close of the last exhibition. In case of personal carriage of gems and jewellery for holding/participating in overseas exhibitions, the value of such gems and jewellery shall not exceed US \$ 2 million.
		(c)	Personal carriage of gold/silver/platinum jewellery, precious, semi-precious stones, beads and articles as samples upto US \$ 1,00,000 for export promotion tours and temporary display/sale abroad is also permitted with the approval of Development Commissioner subject to the condition that the EOU/EPZ unit shall bring back the jewellery/goods or repatriate the sale proceeds within 45 days from the date of departure through normal banking channel. In case of personal carriage for export promotion tours, the unit shall declare personal carriage of such samples to the Customs while leaving the country and obtain necessary endorsement on the Export Certificate issued by the Customs.

		(e)	In case of export of jewellery through permitted shops set up abroad or in the showrooms of their distributors/agents items not sold abroad within 180 days shall be re-imported within 45 days.
		(f)	In case of sale of jewellery to foreign tourists through permitted showrooms/retails outlets at the International Airports in accordance with the procedure laid down by the Customs authorities, jewellery items unsold after a period of 60 days be exported or returned to the respective EOU/EPZ units
Personal carriage of gems and jewellery Export / Import Parcels	6.24	(a)	The procedure for personal carriage of exports parcels shall be as prescribed by Customs. The export proceeds shall, however, be realised through normal banking channel.
		(b)	In case of Personal carriage of jewellery by foreign bound passenger, the following documents shall be submitted by EOU/EPZ units as proof of exports
		i)	Copy of the shipping bill filed by the EOU/EPZ units ;
		ii)	A copy of the Currency Declaration Form filed by the Foreign buyer with the Customs at the time of his arrival; and
		iii)	Foreign Exchange Realisation/ Encashment Certificate from the Bank.

Export by Post/Courier	6.25	In case of export through Foreign Post Office or by courier, at the time of exports, the EOU/EPZ unit shall submit the following documents: Shipping Bill or invoice presented at the Foreign Post Office. Three copies of invoice.
Development of infrastructure in EPZs.	6.26	Development of Infrastructure, including construction of Standard Design Factory Buildings in an EPZ may be undertaken through private/joint/State sector as per the guidelines given in Appendix-14-H of Handbook (Vol-1).
Administration of EOU/EPZ units :Powers of approval of Development Commissioner	6.27	Apart from the original powers under the Policy and Handbook (Vol.1), the Development Commissioners have been delegated with the following powers in respect of EOU/EPZ units :
	(a)	Approval of units: Applications for setting up of units in

EPZ or as EOU outside the EPZ, other than proposals for setting up of unit in the services sector (except software and IT enabled services, or any other service activity as may be delegated by the BOA) reconditioning, repair and reengineering and conversion of sick/closed DTA unit into EOU, satisfying the following conditions, may be approved by the Development Commissioner

			(i)	<i>the item of manufacture does not require an industrial license under the Industries (Development & Regulation) Act, 1951;</i>
			(ii)	<i>location of the unit is either in the EPZ (for which availability of space and conformity with environment and other standards of EPZ have been confirmed) or in an area other than the EPZ for which the locational conditions stipulated by the Department of Industrial Policy & Promotion have been complied with;</i>
			(iii)	<i>the unit undertakes to achieve the minimum NFEP and EP as stipulated in Appendix 1 of the Policy;</i>
			(iv)	<i>Foreign technology agreement, if any, is as per the RBI guidelines;</i>
			(v)	<i>Conversion of existing DTA unit into EOU conforms to paragraph 6.21 above;</i>
			(vi)	<i>Conversion of EOU to STP/EHTP and vice versa as per procedure laid down in paragraph 6.21 above;</i>
			(vii)	<i>EOU/EPZ units shall have separate ear-marked premises for separate LOP/LOI. Similarly, EOUs may be approved on leased premises provided the lease has been obtained from Government/ Department/ Undertaking/Agency.</i>
			(vii)	<i>Approval for setting up of EOU/EPZ units shall be given by the Development Commissioner after personal hearing and satisfying the criteria indicated at Appendix 14-B of the Handbook.</i>
		b)	Powers for post approval matters	
			(i)	Currency Fluctuation: to allow increase in the value of capital goods in terms of Indian Rupees, on account of foreign exchange rate fluctuations;

			(ii)	Enhancement of production capacity: to permit capacity enhancement without any limit in case of de-licensed industries only;
			(iii)	Broad banding: Broad-banding shall be considered by the Development Commissioner only for similar goods and activities mentioned in the LOP/LOI or to provide for backward or forwarded linkages to the existing line of manufacture..
			(iv)	Change in name: to authorise change in name of the company or the implementing agency and change from a company to another provided the new implementing agency/company undertakes to take over the assets and liabilities of the existing unit;
			(v)	Change of location/expansion: To permit change of location from the place mentioned in the LOP/LOI to another and/or include additional location provided that:
				(a) <i>no change in other terms and conditions of the approval is envisaged.</i>
				(b) <i>the new location is within the territorial jurisdiction of the DC.</i>
				(c) <i>other locational, zoning, land-use or environmental conditions are also complied with;</i>
				Extension of validity of LOP/LOI: To extend validity period of LOP/LOI by two years beyond the initial validity period of the LOP/LOI (except in case where there is a restriction on initial period of approval, like setting up of oil refinery projects) ; To recommend extension of LOP/LOI to BOA along with field inspection report of the unit for the sixth year. The Development Commissioner may also cancel LOI/LOI/IL wherever warranted.
			(vi)	Merge of two or more EOU/EPZ units: To permit

merger of two or more units into one unit provided the units fall within the jurisdiction of the same DC subject to the conditions that the activities are covered under the provision of broad binding.

			(vii)	<i>Development Commissioner has been delegated with powers of adjudication under Section 13 read with Section 11 of Foreign Trade (Development & Regulation) Act, 1992 in respect of EOU/EPZ units as mentioned in Gazette Notification No. SO. 194(E) dated 6.3.2000.</i>
			(viii)	<i>Eviction of EPZ unit under Public Premises Act:</i>
			(ix)	<i>In case the rent on the plot/built up premises allotted to EPZ units is in arrears or if the plot/shed is not utilised for the purpose for which the same has been allotted, the Development Commissioner shall have the power to get the premises vacated under the Public Premises Act.</i>
			(x)	<i>Development Commissioner has been authorised to do valuation of exports declared on SOFTEX form by the units located in Export Processing Zones as per RBI A.D. (M.A Series) Circular No. 35 dated 25.11.1999 and A P (DIR series Circular No.9 dated 25.10.2001) for EOUs.</i>
<i>Registration-cum-Membership Certificate</i> <i>Importer-Exporter Code Number</i> <i>Green Cards for EOUs</i>			(xi)	Development Commissioner has been authorised to issue eligibility certificates for grant of employment visa to low level foreign technicians to be engaged by EOU/EPZ units as per Ministry of Home Affairs letter No. 25022/7/99-F.1 dated 20.9.1999.
			(xii)	Registering authority for EOU/EPZ/EHTP/STP units shall be the concerned Development Commissioner. A separate Registration-cum-Membership Certificate shall not be required in their cases as provided for in paragraph 2.44 of the Policy.
			(xiii)	Importer-Exporter Code number for EOU/EPZ units shall be allotted by the concerned Development Commissioner if the same has already not been allotted to the entity.
			(xiv)	Green Card will be issued by the DC concerned to EOU/EPZ units automatically after execution of Legal Undertaking.
			(xv)	Development Commissioner shall be closely associated with the monitoring committee of

Agricultural Export Zones as contained in Chapter 3 of Policy. D.Cs shall ensure publicity of EOU Scheme under their jurisdiction.

<i>Revival of Sick units</i>	6.28	Guidelines on revival of sick units are given in Appendix 14-K of the Handbook (Vol.I).
<i>Fast Track procedure</i>	6.29	A faster procedure covering also Custom and Excise operations will separately notified for EOU/EPZ units with actual investment in plant and machinery, both imported and indigenous imported of Rs 5 crores and above.

Note: In the case of units under EHTP/STP schemes, necessary approvals/permission under relevant paragraphs of this Chapter shall be granted by the officer designated by the Ministry of Communication of Information & Technology (Department of Information & Technology) for the purpose instead of the Development Commissioner of EPZ and by the Inter-Ministerial Standing Committee (IMSC) instead of BOA.