

**APPENDIX-6F**  
**GUIDELINES FOR MONITORING THE PERFORMANCE OF EOU/STP/EHTP UNITS**  
(Please see Para 6.12 of HBP)

1. The annual review of performance of each operational unit and its compliance with the conditions of approval shall be undertaken by the Development Commissioner before the end of the first quarter of the following financial year;
2. A summary of annual performance review will be sent by each Development Commissioner to the Ministry of Commerce for information under the three formats indicated below latest by 30<sup>th</sup> September every year;  
Proforma I: Comparative statement of performance and monitoring as compared to previous year;  
Proforma II: Summary of annual performance of the EOU units, sector – wise with sectoral sub – totals.  
Proforma III: Unit-wise statement on NFE showing the result of review.

**PART A**

3. **CRITERIA FOR ANNUAL MONITORING:**  
The criteria for keeping the unit under watch or initiating penal action in respect of EOU units would be as follows:
  - i) Watch – If there is shortfall in achieving the NFE as per norms in EOU Scheme at the end of 1st and 2nd year;
  - ii) For failure to achieve positive NFE, after completion of one year from the date of commencement of production, a cautionary letter may be issued; at the end of 3<sup>rd</sup> or subsequent year, Show cause notice will be issued if positive NFE is not achieved; after completion of block period as per para 6.04 of FTP, Development Commissioner would initiate penal action under the FT(D&R) Act, 1992, as amended. Final decision may be taken as far as possible within six months and positively within one year.
  - iii) No action to be initiated if the Development Commissioner, on the receipt of reply from the unit, is satisfied that the shortfall has been on account of genuine reasons.
4. **METHOD OF MONITORING:**
  - i) In all cases of exit from the Scheme where the unit has imported inputs and failed to fulfill the conditions of LOP with regard to NFE, appropriate steps are to be taken for penal action after issuing Show Cause Notice to the units. Steps may also be initiated for cancellation of LOP/LOA of units, which is not operating for more than a year;
  - ii) NFE is to be calculated as per Para 6.10 (a) to 6.10 (d) of the Chapter 6 of the HBP. For purpose of uniformity, guidelines for calculation of NFE is given in **ANNEXURE** may be followed.
5. **MONITORING PERIOD:**

Units which have not completed one year, from the date of commencement of commercial production, will not be monitored. In case a unit has completed less than five years from the date of commencement of commercial production it will be monitored for the number of completed years. Annual monitoring in the cases of old units which have completed more than five years will be undertaken for only such number of years which fall in the second block of five years

**6. OTHER CONDITIONS:**

Development Commissioner will monitor Foreign Exchange realization/remittance of EOU units in coordination with the concerned General Manager of RBI as per instructions issued on the subject vide RBI circular No. COEXD. 3109/05.62.05/99-2000 dated 21.2.2000.

**PART B**  
**SCHEME SPECIFIC CONDITIONS**

**7. JOINT MONITORING OF EOU UNITS:**

- a) The performance of EOUs would be reviewed by the Unit Approval Committee on six monthly basis i.e., April-September each year to be completed in the following quarter on the basis of QPRs/APR to be furnished by the EOUs. The formats of QPR/APR have been prescribed in the LUT at **APPENDIX-6E**.
- b) Review of NFE of EOUs would be conducted by the Unit Approval Committee.
- c) For publicizing the scheme, advertisement in the local papers may be arranged before the date of such meetings. Promotion programmes may be organized in collaboration with local industry, Association or any other organization, which has good presence in the area. General Manager of District Industries Center may be associated.
- d) For each existing unit, review should be done at length to understand their problems and their possible resolution. Efforts should be made to identify the reasons for shortfall/poor performance and unit-wise action plan should be prepared for removal of bottlenecks. It should be ensured that the unit should have an export promotion strategy as well tentative targets for next few years, so that it has an idea as to what is to be achieved by them. Effective action should be taken against erring units to discourage any misuse of the scheme.
- e) For units under implementation, separate review be held so that their issues could be resolved.
- f) At such places, if any infrastructure gaps are noticed, District Administration may be advised to prepare projects, which can be routed through State Government to the Ministry for approval under Scheme for central Assistance for Developing export infrastructure and other allied activities (ASIDE).
- g) Based on the joint review Development commissioner concerned would prepare a report for information of the Department of Commerce and CBEC and suggest corrective measures to enable the defaulting units to fulfill their obligation as per EOU Scheme/Customs Notification.

**PROFORMA-I**  
**(TO BE SUBMITTED BY THE ZONE)**

**I. APPROVAL AND IMPLEMENTATION OF EOU UNITS:**

- a) No. of valid approved units : .....
- b) No. of units cancelled : .....
- c) No. of units finally debonded : .....
- d) No. of exporting units : .....
- e) No. of units under implementation : .....
- f) No. of units yet to be implemented : .....

**II. RESULT OF MONITORING :**

	Previous Year (        )	Current Year (        )
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**III. EOU UNITS:**

- a. Units which are operational for more than 1 year.
- b. Units with negative NFE at the end of 3rd or subsequent years.
- c. Details of outstanding export proceeds (where the period of realisation is not extended by the competent authority) beyond 180 days.
- d. Revenue contributions by the units
  - (a) Excise duty on DTA sale during the financial year
  - (b) Income tax paid, if any, during the year
  - (c) State taxes, cess duties & levies (including CST paid on domestic procurement).
  - (d) Tax deducted at source in respect of employees.

**PROFORMA-II**  
**(TO BE SUBMITTED BY THE ZONE)**

**SPECIAL ECONOMIC ZONE**

**SUMMARY OF ANNUAL PERFORMANCE REPORT FOR THE YEAR 201----- SECTOR WISE**

Sl. No.	Name of Unit with ID Number in case of EOU	Date of Commencement of production	Item of Manufacture	Value of capital goods imported	Value of RM components etc.	Other outflow of FE towards knowhow, Commission etc.	Total investment made	Employment Generated so far
1	2	3	4	5	6	7	8	9

Value of exports	NFE achieved during the period	Value of Sales made in DTA	Remarks
10	11	12	13

**(TO BE SUBMITTED BY THE UNIT)**

**PROFORMA- III**

**NAME OF THE UNIT**

(Rupees in lakhs/

\$ in Million):

Month of operation CG Import

1. Item of manufacture:
2. Date of Commencement:
3. Export :
4. Inter Unit supply :
5. C. G. debit :
6. Imported RM/inputs used :
7. Other outgo of F. E. :
8. Total Imports :
9. NFE :
10. DTA Sale :
11. Details of outstanding export proceeds (where the period of realisation is not extended by the competent authority) beyond 180/360 days at the end of financial year.  
(180 days for EOUs)
12. Revenue contributions by the unit
  - (a) Excise duty on DTA sale during the financial year
  - (b) Income tax paid, if any, during the year
  - (c) State taxes, cess duties & levies (including CST paid on domestic procurement).
  - (d) Tax deducted at source in respect of employees.
13. Remarks :

## CALCULATION OF NFE

1. While calculating NFE achieved, following basic components are to be taken into consideration:
  - i. Amortised value of capital goods and technical know how fee
  - ii. Value of import of R. M. (which is consumed during the year and consumables, spares, etc.).
  - iii. Other outflow of foreign exchange towards royalty, interest on external commercial borrowings etc.
  - iv. Value of physical exports effected excluding DTA sales but including supplies made under para 6.09 of the Chapter 6 of the Foreign Trade Policy and HBP.
2. Amortised Value of Capital Goods: For this purpose as much value of CG is taken into account as indicated in para 6.10 (d) of Chapter 6 of the HBP. The CG imported prior to the 10 years period is not taken into consideration for the purposes of NFE if the value of said CG is fully amortized. If any capital goods imported duty free is leased from a leasing company or is taken on loan the CIF value of the capital goods shall be included under the imported inputs. However, on return of such CG its unamortized portion of value would be excluded from the calculation formula.
3. Import of raw material, consumables and spares etc: Whatever R. M. Consumables and spares are imported during the year are taken into account. However, it should be noted that whatever R. M. is in balance at the end of the previous year is added while the RM at the end of the current year is deducted which will give the amount of RM consumed during the year. RM purchased as inter – unit transfer is also included.
4. Other outflow of foreign exchange: All the foreign exchange outflow on account of royalty, dividends, commission on exports, interest on external commercial borrowing etc., during the particular year has to be accounted for while calculating value addition. However, outflow on account of know-how fee would be apportioned during a period of ten years as applicable
5. Value of exports: While calculating value of exports, DTA sale made during the year are not to be accounted for. However, supplies made in accordance with para 6.09 of the Chapter 6 of the Foreign Trade Policy and HBP will be taken into consideration for calculation of NFE.