

(c) whether it is a fact that the Defence Ministry is opposed to the proposal to increase the FDI from the present level of 26 percent; and

(d) if so, the details and Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA MADHAVRAO SCINDIA): (a) and (b) The existing policy allows for 26 % FDI in defence industry sector, subject to obtaining industrial license under the Industries (Development & Regulation) Act 1951 and complying with specified conditions. The Department of Industrial Policy and Promotion has released a Discussion Paper on the subject of 'Foreign Direct Investment in Defence Sector', with the aim of generating informed discussion on the subject. The discussion paper is available in the public domain. The discussion paper suggests allowing established players in the Defence industry to establish manufacturing facilities and integration of systems in India with FDI upto 74% under the Government route.

(c) and (d) The Ministry of Defence has not yet formulated its views on the discussion paper. Defence being a sensitive and strategic sector, the views of Ministry of Defence will be given full consideration in this regard.

Misuse of rebate and other facilities by export-oriented units

†283. SHRI BALAVANT ALIAS BAL APTE: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the year-wise and percentage-wise share of export-oriented units in the total exports of the country during the last three years;

(b) the value-wise details of tax rebates and other facilities provided to these units during the said period;

(c) whether Government has received reports regarding misuse of export promotions by some of these units; and

(d) if so, the details thereof and action taken by Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA MADHAVRAO SCINDIA): (a) The share of Export Oriented Units (EOUs) in the total exports of the country are about 12.24%, 25.74%, 21.04% and 8.83% (provisional) during the year 2006-07, 2007-08, 2008-09, 2009-10 (April-December) respectively.

(b) Export Oriented Units (EOUs) are eligible for fiscal concessions which include duty free import/domestic procurement and reimbursement of Central Sales Tax (CST) on capital goods, raw

†Original notice of the question was received in Hindi.

materials, consumables for their production activities and corporate tax exemption on export income for a specified period. The duty forgone on account of direct taxes and indirect taxes under Export Oriented Unit/ Electronic Hardware Technology Park/ Software Technology Park Schemes is given as under:

(Rupees in crores)		
Year	Direct Taxes	Indirect Taxes
2007-08	17681.00	18978.00
2008-09	19596.00	13401.00
2009-10	23253.00	8015.00

(Estimated)

Source: Receipt Budget, Govt. of India 2009-10 & 2010-11 for direct and Indirect Taxes.

(c) and (d) Comptroller & Auditor General (C&AG) had conducted a Performance Audit of EOU scheme for the year ended March, 2006. C&AG had reported violations 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, and non receipt of re-warehousing certificates. The observations of C&AG were laid on the table of both Houses of Parliament as Report No.7 of 2007 (Indirect Tax).

Steps have been taken by Government to curb such violations which include joint monitoring of the performance of the EOU Units by officers of Customs and Central Excise and Development Commissioners on a regular basis and action against such units under the provisions of Foreign Trade (Development & Regulation) Act, 1992, Customs Act, 1962 and Central Excise Act, 1944.

The following actions have also been as part of follow up action of C&AG's recommendations:

(i) In order to ensure better coordination in the field formation of Department of Revenue and Department of Commerce, Unit Approval Committee has been constituted to exercise delegated powers of Board of Approvals by including officials of Jurisdictional Customs and Central Excise, Zonal DGFT, under the chairmanship of Development Commissioners.

(ii) Appendix 14-I-G and Appendix 14-I-F of Handbook of Procedures have been suitably amended to strengthen monitoring mechanism of annual performance of EOUs.

(iii) Exhaustive Monthly (ER-2) return comprising of the details of receipt of inputs and clearance of goods for exports/DTA has been prescribed for the EOUs.

(iv) Periodic Audit of EOU is conducted by officers of Customs & Central Excise.

(v) Regular visits to the units are conducted by the jurisdictional Customs and Central Excise Officer in order to check receipt of duty free input/capital goods and discharge of other official duties. Surprise preventive checks of the units are also conducted.

SEZs in the country

284. SHRI RAMDAS AGARWAL: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) how many SEZs have been sanctioned in the country till date;

(b) how many of these SEZs have completed their works and what are the SEZ-wise details of achievements in terms of employment, foreign exchange earning and investment;

(c) how long will it take for these SEZs to become fully operational as per sanction accorded by Government;

(d) whether any permission has been given to withdraw; and

(e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA MADHAVRAO SCINDIA): (a) In addition to seven Central Government Special Economic Zones (SEZs) and 12 State/Private Sector SEZs set up prior to the enactment of SEZ Act, 2005, formal approval has been accorded to 576 proposals out of which 358 SEZs have been notified. A total of 114 SEZs are already exporting. Further details about these SEZs including sector, location etc. are available on the website www.sezindia.nic.in.

(b) As on 30th June, 2010, an investment of Rs. 1,66,526 crores has been made in SEZs and direct employment for 5,50,323 persons have been generated. The total physical Exports of Rs. 2,20,711.39 crore approximately have been made from SEZs during the year 2009-10 registering a growth of about 121.40% over the exports for the previous financial year. The exports in the first quarter of financial year 2010-11, has been to the tune of Rs. 58,685.46 crores approximately registering a growth of 68% over the exports of corresponding period of the previous financial year.