

Government of India

Ministry of Commerce & Industry

Department of Industrial Policy & Promotion

PRESS NOTE NO. 5 (2000 Series)

Subject : Export Obligation for EOU/EPZ Units

As per existing policy, a medium or large scale EOU/EPZ unit set up for manufacturing items reserved for small scale sector is required to obtain an industrial license. Such a license is granted with the obligation to export at least 50% of the production.

However, EOU/EPZ units are in any case under an obligation to export 66% of their production. In view of this, Government has decided that henceforth there will be no need for an EOU/EPZ unit to obtain an industrial license if it is to manufacture SSI reserved items, even if it has foreign investment of over 24% in its equity capital.

Accordingly such units will not be required to obtain prior approval of the Government to bring in foreign direct investment, provided they are not covered by any other condition contained in Press Note 2(2000 Series).

Upon debonding, however, such non-SSI units will not produce items reserved for SSI, without undertaking to export 50% of such items manufactured.

(A.C. DUGGAL)

DIRECTOR

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