

APPENDIX-6L
GUIDELINES FOR REVIVAL / EXIT OF SICK EOU UNITS

(Please see Para 6.39 of HBP)

To revive units which may have become 'sick' and to provide an exit route to those units, who may want to move out of the EOU Scheme, the following guidelines are prescribed :-

1. REVIVAL OF OPERATIONS

- i) A unit which has been declared sick by the appropriate authority shall submit a revival package through the Development Commissioner concerned to the Board of Approval for consideration and approval.

The Board shall consider the following:

- a) Extension in the period for fulfillment of NFE for a further period up to a maximum of 5 years at the prevalent norms of the EOU Scheme.
 - b) On extension of the period, unutilized raw material and imported/domestically procured capital goods shall be allowed to be carried forward at their original value.
- ii) On grant of extension, the LUT executed by the unit shall be suitably revised.

2. TRANSFER OF SICK UNIT

- i) In case an entity is willing to takeover all the assets and liabilities of a 'sick unit', transfer of such assets and liabilities as per the dispensation indicated in Para 1 above shall be considered by the Board of Approvals. An application for such takeover may be submitted through the Development Commissioner concerned to the BOA for approval.
- ii) The sick unit could also transfer the imported/domestically procured capital goods and raw material to another EOU units. For the buying units, it shall be treated as a domestically sourced goods for the purpose of NFE.

3. UTILISATION OF SPACE

- i) In event of the unit's exit from the Scheme as indicated at Para 2 (i) and (ii), the unit shall be liable to pay all the rental dues as decided by the Development Commissioner. However, if the unit is being taken over by another unit, the liability shall pass on to the unit, which is taking over the sick unit, subject to an undertaking being given by the later. However, no penal interest on rental dues shall be charged for the closure period before take-over.
- ii) All adjudication proceeding under FTDR Act shall remain in abeyance in case of revival/take over of sick unit and approval of it by the Board of Approval.