

ANNEXURE –I

(See Rule 54)

GUIDELINES FOR ANNUAL MONITORING OF PERFORMANCE OF UNITS IN SPECIAL ECONOMIC ZONES

- (1) The annual review of performance of unit and compliance with the conditions of approval shall be undertaken by Approval Committee on the basis of Annual Performance Report (in Form I) duly certified by an independent Chartered Accountant before the end of the first quarter of the following financial year.

- (2) Units, which have not completed one year of operation from the date of commencement of production, will not be monitored. In case a Unit has completed less than five years from the date of commencement of 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 subsequent block/s of five years.

CRITERIA FOR ANNUAL MONITORING:

- i) Units with negative Net Foreign Exchange in the 1st and 2nd year shall be placed under the Watch List to watch their performance.

- ii) Show Cause Notice: If a Unit continues to be Net Foreign Exchange negative by the end of 3^d year, a Show Cause Notice shall be issued. If the negative performance continues till the 5th year, Development Commissioner shall initiate penal action as provided under the rule-25.