

**AGREEMENT FOR SOFTWARE TECHNOLOGY PARK**

An agreement made this ..... Day of ..... Nineteen Hundred and ..... between M/s ..... a 100% export oriented unit having its registered office at ..... (herein after referred to as “the unit” which expression shall include its successors and assigns) of the one part and President of India (herein after referred to as “Government” which expression shall include his successors in office and assigns) of the other part.

WHEREAS the Government has communicated vide ..... dated ..... to the unit the terms and conditions for setting up of the 100% Export Oriented Software Technology Park under Software Export Scheme of Department of Electronics for development of Computer Software and the unit has duly accepted the same terms and conditions vide their letter no ..... dated .....

AND WHEREAS the unit has been granted the status 100% Export Oriented Unit as defined in Ministry of Commerce Resolution No. 33/(RE)/92-97 dated 22<sup>nd</sup> March 1994, on Software Technology Parks.

AND WHEREAS the unit has been allowed to import the Capital Goods, Raw Material, Spares & Consumable etc., free of import duty for development of computer software for export through satellite data link.

AND WHEREAS as a condition of the approval granted to the unit, the government has stipulated that the unit must earn Foreign Exchange by exporting 100% of the production of export product, namely computer software for a period of FIVE Years beginning from the first day after completion of the gestation period allowed by the government (herein after referred to as the prescribed date).

**NOW THIS AGREEMENT WITNESSTH AS FOLLOWS**

1. The unit shall earn Foreign Exchange by exporting 100% of their production of computer software for a period of FIVE years, counting from the prescribed date exports to Bhutan, will not qualify for redemption export obligation as also Export to Afghanistan and Nepal if made otherwise than against payment in free foreign exchange. This Export obligation shall be in addition to and over and above any other any Export Obligation that might have been or may be imposed on the unit on any other ground.
2. The unit shall intimate the date of commencement of production for 100% Export within one month of such date to the concerned Director, Software Technology Parks of India.
3. The unit shall within a period of Three months beginning from the first day of financial year after the commencement of Export Production, submit to the Director, Software Technology Parks of India, certificates in original and such other documents as may be demanded by the same authority giving details of the following Import -Exports affected and purchase made from the domestic tariff area by the unit during the period.
  - a. A Quantity, specifications and CIF value of imported (i.) Capital Goods, Plant & Machinery & Equipment (ii) Raw-material, Components and Consumable.

- b. Quantity, specifications and value of indigenously procured (i.) Plant, Machinery & Equipment  
(ii) Raw materials Components and Consumable
- c. Quantity, Specifications and value of Exports.

The unit shall submit similar certificates and such other documents to the said authority every year for a period of FIVE years, within three months from the end of each financial year.

- 4. In the event the unit is not able to fulfill the export obligation undertaken by it as aforesaid, the unit shall, on the instructions of the concerned Director, Software Technology Parks of India, pay to the Government the amount of customs duty that would be leviable of the relevant time on the items of Plant, Machinery and equipment and raw-materials, components and consumable allowed for import by the unit in terms of approval granted to them. The unit, shall, in addition pay simultaneously to the Government liquidated damages, the amount of which will be decided by the Government taking into account the circumstances of the case. The amount of liquidated damages shall be determined by the Secretary, Department of Electronics and the instructions of the said authority shall be final and binding on the unit. While determining the extent of liquidated damages the said authority will, if it is considered necessary, give an opportunity to the unit to present its arguments.
- 5. The unit will under no circumstances be allowed to dispose of the export product in the domestic market unless specifically allowed by the Government.
- 6. The unit will comply with all the terms and conditions communicated by Software Technology Parks of India, vide letter no. .... dated ..... to the unit.
- 7. In the event to the unit failing to fulfill the export obligation undertaken by it as aforesaid, except when the fulfillment of such obligation is prevented or delayed because of any law, order proclamation, regulation or ordinance of the Government, the Government shall be free to issue any directions to the unit regarding the manner of disposal of the exports goods and the unit shall be bound to comply with the same. This will be without prejudice to any other action which may be taken against the unit under the provisions of the Imports & Exports (Control) Regulations or any other rules.
- 8. Any custom duties/excise duties and interest at 18% from the date of import/supply to the date on which payment is made due to Government under agreement shall also, without prejudice to any other mode of recovery be recoverable in accordance with the provisions of Section 142 of the Customs Act, 1962/Section 11 of the Central Excise and Salt Act, 1944 and rules made thereunder and/or/from any other payment due to the unit from the Government.
- 9. Any order issued by the Government in this regard shall be final and binding and the unit thereby undertake to comply unconditionally with such an order.
- 10. Any stamp duties payable on this document or any document executed thereunder shall be borne by the unit.

11. The Minimum Export Performance on the STP unit on Net Foreign Exchange terms will be as follows

**The Unit shall be a net foreign exchange earner. The minimum Net Foreign Exchange Earning as a Percentage of exports (NFEP) as defined in para 9.29 and the minimum Export Performance (EP) shall be as specified in Appendix I of the Policy. Items of manufacture for export specified in the Letter of Permission(LOP)/Letter of Intent(LOI) alone shall be taken into account for calculation of NFEP and EP.**

Net foreign exchange earning as a percentage of exports (NFEP) shall be calculated annually and cumulatively for a period of five years from the commencement of commercial production according to the following formula:

$$\text{NFEP} = \frac{A - B}{A} \times 100$$

where NFEP is Net Foreign Exchange Earning as a percentage of Export

A:- is the FOB value of exports by the EOU/EPZ/EHTP/STP unit; and

B:- is the sum total of the CIF value of all imported inputs, the CIF value of all imported capital goods, and the value of all payments made in foreign exchange by way of commission, royalty, fees, dividends, interest on external borrowings during the first five year period or any other charges. "Inputs" mean raw materials, intermediates, components, consumables, parts and packing materials.

Note-I:

1. If any input is obtained from another EOU/EPZ/EHTP/STP unit, the value of such input shall be included under B.
2. If any capital goods imported duty free is leased from a leasing company, received free of cost and/or on loan basis, the CIF value of the capital goods shall be included, pro-rata, under B for the period it remains under bond
3. For annual calculation of net foreign exchange as a percentage of exports, 1/5th value of imported capital goods shall be included under B above.
4. In the case of projects where the investment in land, building, plant and machinery exceeds Rs.200 crores, the value of the capital goods shall be amortised over a period of seven years; i.e. in such cases, only 5/7th of the CIF value of the imported capital goods shall be included under B.

The export obligation on the STP units on net Foreign Exchange terms in US Dollar value will be as per the exim policy in from time to time.

In witness whereof the Common Seal of M/s ..... has been hereunto affixed and for and Shri ..... has set and subscribed his hands hereunto.

Common Seal of the within named unit has been affixed hereunto in the presence

Signature .....

(Residential Address) .....

.....

.....

Director who have been duly authorized for the purpose by a resolution of board of the Directors of the Company passed at the meeting held on ..... and who have signed in the presence of :

1. .... (Name, Designation and Address)

2. .... (Name, Designation and Address)

Signed for and on behalf of the President of India, Director Software Technology Parks of India - Bangalore

Shri ..... in the presence of

1. .... (Name, Designation and Address)

2. .... (Name, Designation and Address)