

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:257

ANSWERED ON:01.03.2002

SPECIAL ECONOMIC ZONES

ASHOK NAMDEORAO MOHOL;N.T. SHANMUGAM;RAMSHETH THAKUR

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the Government's scheme to set up 'Special Economic Zone' has taken-off;
- (b) whether all the proposals of State Government for establishment of Special Economic Zones have been cleared;
- (c) if so, the details thereof;
- (d) the Special Economic Zones set up so far alongwith their promoters;
- (e) the financial assistance provided to each State for establishment of Special Economic Zones;
- (f) whether fiscal and other incentives coupled with 'State of Art' infrastructure facilities have been provided to attract FDI in these Zones;
- (g) if so, the details thereof;
- (h) whether any modifications are proposed;
- (i) if so, the details thereof; and
- (j) the time limit frame for the completion and start functioning of all the Special Economic Zones?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI RAJIV PRATAP RUDY)

(a) to (e) : In the Export Import Policy, announced in March, 2000, the Government has introduced a policy for setting up of Special Economic Zones (SEZs) in the country. As per the policy, the Central Government is not to set up any new SEZs. The scheme, however, envisages setting up of SEZ in the public, private, joint sectors or by the State Governments. Further, existing Export Processing Zones could also be converted into Special Economic Zones.

In accordance with the above policy, four Export Processing Zones located at Santa Cruz (Maharashtra), Cochin (Kerala), Kandla and Surat (Gujarat) have been converted into SEZs on 1.11.2000. Further, formal approvals have also been given for setting up of SEZs at Positra (Gujarat) by M/s Gujarat Positra Port Infrastructure Limited in the joint sector and by the Government of Maharashtra at Navi Mumbai. In addition, 'in principle' approvals have been granted for setting up of 11 SEZs by the State Governments at Nanguneri (Tamil Nadu), Kulpi and Salt Lake (West Bengal), Paradeep and Gopalpur (Orissa), Bhadohi, Kanpur and Greater Noida (U.P.), Kakinada (Andhra Pradesh), Indore (Madhya Pradesh) and Hassan (Karnataka) on the basis of proposals received from them. These Zones are at various stages of implementation. The proposals received from the State Governments for establishment of SEZs supported by techno-economic feasibility report, commitment to provide water, electricity and certain other facilities have been cleared. No financial assistance for setting up of SEZs is envisaged under the scheme.

(f) & (g) : 'State of the Art' infrastructure facilities are presently not available in the approved Special Economic Zones as these are at initial stages of implementation. However to attract Foreign Direct Investments for the development of such facilities, the following incentives have been announced:

- (i) Exemption from excise duty and concessional customs duty for goods required for development of SEZ
- (ii) Entitlements under Section 80 IA of the Income Tax Act.

(h) and (i): Some of the modifications proposed in the SEZ scheme include treating of supplies from domestic area to SEZ as physical exports, duty free importation and procurement of goods by SEZ developers/SEZ units and enhancement of income-tax incentives available to SEZ developers/SEZ units.

(j) Since SEZs mentioned above have been approved for establishment in the joint sector/by the State Governments recently, it would not be possible to indicate a time frame for completion and commencement of operation of all these SEZs. However, 3 SEZs in Government sector are already functioning.