

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

STARRED QUESTION NO:226

ANSWERED ON:07.03.2006

SPECIAL ECONOMIC ZONES

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

- (a) the norms fixed for setting up of Special Economic Zones;
- (b) whether the investment in Special Economic Zones has been assessed during the last three years and thereafter;
- (c) if so, the details thereof alongwith revenue earned and achievements made thereunder;
- (d) whether some companies set up under the Special Economic Zones in various States are violating the rules by selling their products in the domestic market;
- (e) if so, the details thereof;
- (f) the steps taken by the Government in this regard;
- (g) the special package given by the Government to Special Economic zones to attract Foreign Direct Investment (FDI); and
- (h) the sectors which are likely to be benefited, Zone-wise?

Answer

MINISTER OF COMMERCE AND INDUSTRY (SHRI KAMAL NATH)

(a) to (h): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (h) OF THE LOK SABHA STARRED QUESTION NO. 226 FOR ANSWER ON 7.3.2006 REGARDING 'SPECIAL ECONOMIC ZONES'

(a): The minimum area requirement for setting up of Special Economic Zones (SEZs) are:-

TYPE	AREA	AREA FOR SPECIAL STATES/UTs
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Multi- product	1000 hectares	200 hectares
Multi services	100 hectares	100 hectares
Sector specific	100 hectares	50 hectares
IT, gems and jewellery	10 hectares	10 hectares
bio-tech, non-	(min. built up	(min. built up
Conventional energy	area of 1	area of 1 lakh
	lakh sq.mtrs	sq.mtrs for IT)
	for IT)	

FTWZ 40 hectares (min. built up area of 1 lakh sq.mtrs.) 40 hectares (min. built up area of 1 lakh sq.mtrs for IT)

The Special States are Assam, Meghalaya, Nagaland, Arunachal Pradesh, Mizoram, Manipur, Tripura, Himachal Pradesh, Uttaranchal, Sikkim, Jammu & Kashmir and Goa.

The other factors kept in view while considering proposals for setting up of Special Economic Zones (SEZs) include generation of additional economic activity, promotion of exports, promotion of investment from domestic and foreign sources, creation of employment opportunities and development of infrastructure facilities.

(b) and (c): The investment by entrepreneurs for establishment of units in the SEZs in the 15 functioning SEZs is of the order of about Rs. 2200 crores. Approval has been given for setting up of 110 SEZs in the private/joint sector or by the State Governments. Investment to the tune of about Rs. 100,000 crores over the next 3 years in infrastructure development of SEZs and in setting up of units therein has been estimated on the basis of projections made by the promoters at the time of seeking approval for establishment

of SEZs by them. Since the SEZs are being encouraged to be set up in the private/joint sector or by the State Government, no revenue earnings are envisaged.

(d) to (f): Units in the Special Economic Zones are to be Positive Net Foreign Exchange earners over a period of five years. The units are allowed to sell their goods in the domestic market on payment of duties as if the goods are being imported. No specific instances of violation regarding sale of goods in the domestic market by the units in SEZs has come to notice of the Government.

(g) : Incentives and facilities offered to units in SEZs for promotion of investment, including foreign direct investment include duty free import/domestic procurement of goods for development, operation and maintenance of SEZ units, 100% Income Tax exemption for SEZ units under Section 10AA of the Income Tax Act for the first 5 years, 50% for next 5 years and 50% of the ploughed back export profit for next 5 years, exemption from Central Sales Tax, exemption from Service Tax and single window clearance mechanism for establishment of units.

(h): The incentives and facilities offered to the SEZs are sector neutral and all the sectors are eligible for the same benefits.