

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

UNSTARRED QUESTION NO:3646
ANSWERED ON:16.08.2010
DRAFT TAX CODE FOR SEZS
Das Gupta Shri Gurudas

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

- (a) whether the Ministry has opposed the new draft tax code in regard to new Units under SEZ;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Commerce Ministry has forwarded its views to Ministry of Finance in this regard;
- (d) if so, the details thereof and response from Finance Ministry in this regard; and
- (e) the steps being taken by the Government to protect the interests of investors and encourage new SEZ units in the absence of tax sops to SEZs?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY(SHRI JYOTIRADITYA M. SCINDIA)

(a) to (e): Main objectives of the SEZ Scheme are:

- I. generation of additional economic activity
- II. promotion of exports of goods and services
- III. promotion of investment from domestic and foreign sources
- IV. creation of employment opportunities
- V. development of infrastructure facilities

Special Economic Zones being set up under the SEZ Act, 2005 are primarily private investment driven. An investment of Rs. 1,66,526 crore has been made in SEZs and direct employment for 5,50,323 persons have been generated. The total physical Exports of Rs. 2,20,711.39 crore approximately have been made from SEZs during the year 2009-10 registering a growth of about 121.40% over the exports for the previous financial year. The exports in the first quarter of financial year 2010-11, has been to the tune of Rs. 58,685.46 crores approximately registering a growth of 68% over the exports of corresponding period of the previous financial year.

Impressive growth has been registered in SEZs mainly due to stable fiscal regime provided by the SEZ Act. On the Direct Tax Code, views of the Department of Commerce have been suitably conveyed to the Department of Revenue in order to protect the interest of investors.