

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

UNSTARRED QUESTION NO:4296
ANSWERED ON:06.12.2010
IRREGULARITIES IN SEZs
Thomas Shri P. T.

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

(a) whether certain irregularities like violation of duty and tax concessions by the Special Economic Zones (SEZs) have been reported; and

(b) if so, the details thereof alongwith the estimated revenue loss due to the same and the reaction of the Government thereto?

Answer

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

(a) & (b): The Report of the Comptroller and Auditor General of India (C&AG) for the year ended March, 2007 on Performance Audit on Union Government - Indirect Taxes have, inter alia, raised certain issues relating to Special Economic Zones. These issues mainly relate to achievement of Net Foreign Exchange (NFE) through deemed exports; duty foregone on inputs used in exempt products cleared in DTA; non achievement of NFE positive by certain units; violation of conditions of Letters of Permissions (LOPs); short levy of duty on Domestic tariff Area (DTA) sales, etc.

The fiscal concessions and duty benefits allowed to SEZs are in built into the SEZ Act, 2005. The Approval Committees under the Development Commissioners constituted for all Zones, which comprise representatives from Customs, Income-tax, State Governments etc. have been directed to monitor the performance of the SEZ Units.