

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

UNSTARRED QUESTION NO:997

ANSWERED ON:28.11.2011

SEZ DEVELOPMENT

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

- (a) the number of Special Economic Zones functioning to be set up across the country during the last three years and the current year including the fund released/ utilised and the area to be acquired for this purpose;
- (b) whether many SEZ developers have been granted extension of time for the completion of the pending projects and if so, the details thereof alongwith the reasons therefor;
- (c) whether the Government has conducted any study to evaluate the impact of the SEZ policy on various parties including the farmers and the industrialists alongwith the overall benefits of the policy and if so, the details thereof;
- (d) whether the Government is trying to build a consensus on the policy to allow shifting of units from one SEZ to another and if so, the details thereof and the reasons therefor alongwith the progress made in this regard;
- (e) the details of the benefits accrued to the small, agro and rural industries and agriculturists from the setting up of the SEZ projects; and
- (f) whether the Government is considering the proposal to come out with the stricter norms for units in the SEZs and if so, the details thereof and the reasons therefor?

Answer

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

(a): In addition to seven Central Government Special Economic Zones (SEZs) and 12 State/Private Sector SEZs set up prior to the enactment of SEZ Act, 2005, formal approval has been accorded to 582 proposals out of which 382 SEZs have been notified. A total of 148 SEZs are already exporting. SEZs being set up under the SEZ Act, 2005 are primarily private investment driven. The total land area involved in the notified SEZs is 45,849 hectares. Land is a state subject and is procured as per policies and procedures adopted by the State Governments. To the extent some of this land for SEZs is acquired this is done by the relevant State Government Agencies.

(b): In terms of Rule 6 of the SEZ Rules, 2006, validity of approval is for a period of three years within which time effective steps are to be taken by the developer to implement the approved proposal. Requests for extension of validity period beyond the initial period of three years have been received from developers citing the global economic slowdown/delay in getting requisite clearances etc., as grounds for extension. Having regard to the provisions of the SEZ Act, 2005 and SEZ Rules, 2006 and the grounds cited, the Board of Approval (BOA), depending on merits of each case, have permitted extension of validity of approval in such cases beyond the initial 3 years subject to the same terms and conditions as envisaged in the original approval.

(c): Studies commissioned by the Department of Commerce have shown that SEZs have created a significant local area impact in terms of direct as well as indirect employment, emergence of new activities, changes in consumption pattern and social life, human development facilities such as education, healthcare etc.

(d): Government has received requests from time to time for shifting of industrial units from one SEZ to another SEZ. The matter was placed before Board of Approvals for directions. It has been decided by the Board that in principle there is no objection for such shifting. However, all proposals for shifting of industrial units must be placed before the Board for its consideration, and will be decided as per the merits of the case.

(e): SEZ units pertaining to small, agro and rural industries and agriculturists are also allowed to be set up in SEZs. Fiscal benefits and duty concessions allowed to SEZ units in general are admissible in respect of units setup by small, agro and rural industries and agriculturists as well.

(f): The SEZ units are under obligation to achieve positive Net Foreign Exchange (NFE) earnings to be calculated cumulatively for a period of 5 years from the commencement of production, failing which the units shall be liable for penal action under the provisions of the Foreign Trade (Development and Regulation) Act, 1992.