

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

UNSTARRED QUESTION NO:5004

ANSWERED ON:07.05.2012

SEZ

Agarwal Shri Jai Prakash; Bhujbal Shri Sameer ; Guddu Shri Premchandra; Hussain Shri Syed Shah Nawaz; Karunakaran Shri P.; Premdas Shri

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

- (a) whether the Government proposes to set up Special Economic Zones (SEZs) across the country particularly in Ujjain in Madhya Pradesh and State of Maharashtra;
- (b) if so, the details thereof and the reasons therefor alongwith the details of the proposals which are still pending with the Government and SEZs which have started exporting during the last three years, State-wise;
- (c) whether the Government also proposes to constitute any monitoring Committee to supervise the SEZs schemes and to issue guidelines to the State Governments in respect to acquisition of land for the SEZs;
- (d) the total land acquired for the purpose of setting up of SEZs, State-wise alongwith the time limit imposed on the SEZs which have already been granted approval and allocated land for the purpose;
- (e) whether there has been increase in the net exports and any drop in the business in the non-SEZ areas, specially traditional hubs due to the functioning of several SEZs in the country; and
- (f) if so, the details thereof and the reasons therefor alongwith the revenue loss in such areas during the last three years 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) A Special Economic Zone (SEZ) may be established either jointly or severally by the Central Government, State Governments or any person for manufacture of goods or rendering services or for both or as a Free Trade and Warehousing Zone. Proposals for setting up of SEZs are considered by the Board of Approval only after written consent of the concerned State Govt. SEZs being set up under the Act are primarily private investment driven. A total of 153 SEZs have commenced exports. A statement on the number of exporting SEZs, State-wise, is Annexed.

(c) & (d) The Approval Committees under the Development Commissioners constituted for each Zone, which comprise representatives from Customs, Income-tax, State Governments etc., inter-alia, monitors the performance of the SEZs including the units setup in the SEZs. This includes scrutiny of Annual Performance Report (APR), Quarterly Performance Report (QPR) and details of rent recovery etc. Failure to meet the requirements of the scheme or any violation attracts action under Foreign Trade (Development and Regulation) Act, 1992.

Land is a State subject. Land for Special Economic Zones (SEZs) is procured as per the policy and procedures of the respective State Governments. State Governments have been advised that in case of land acquisition for SEZs, first priority should be for acquisition of waste and barren land and if necessary single crop agricultural land could be acquired for the SEZs. If a portion of double cropped agricultural land has to be acquired to meet the minimum area requirements, especially for multi-product SEZs, the same should not exceed 10% of the total land required for the SEZ. The Board of Approval on SEZs only considers those proposals, which have been duly recommended by the State Government.

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. On a request received from the developer the Board of Approval may extend the validity period in suitable cases.

(e) & (f) As on 31st March, 2012, an investment of approximately Rs.2,01,874.76 cr. has been made in SEZs and the total direct employment in SEZs is over 8,44,000 persons. This is apart from millions of man days of employment created by the developers for infrastructure activities. Physical exports from the SEZs has increased from Rs. 22.8 thousand crore in 2005-06 to Rs. 364.5 thousand crore in 2011-12, a 16 fold growth in exports over past six years. The total physical exports from SEZs as on 31st March, 2012, has been Rs. 3,64,477.73 crore registering a growth of 15.39% over the previous financial year. The SEZ exports have seen a steady growth not just in total volume but also the share of the exports from the SEZ in the overall exports of the country has also consistently grown over the years. The total investment in SEZs till 31st March, 2012 is Rs. 2,01,874.76 crore, including Rs. 1,97,839.25 crore in the newly notified zones set up after notification of the SEZ Act, 2005.

There is no reason to believe that these achievements are at the expense of non-SEZ area. The GDP growth in recent years suggests

that growth has been significant both within and outside SEZs.

The fiscal concessions and duty benefits allowed to SEZs are in built into the SEZ Act, 2005. These exemptions are in the nature of incentives for export and are consistent with the principles that guide export promotion initiatives of the Government in general. Incentives provided are conscious public policy actions and cannot be termed as revenue loss.