

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

UNSTARRED QUESTION NO:6137

ANSWERED ON:14.05.2012

CONCESSIONS TO SEZs

Choudhry Smt. Shruti; Das Gupta Shri Gurudas; Lingam Shri P.

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

- (a) whether there has been an increase in the cases of default by Special Economic Zones (SEZs) recently;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government has decided to allow more concessions to those SEZs which have not yet started construction despite having the allotment of land and approval by the Government;
- (d) if so, the details thereof; and
- (e) the future action plan in this regard?

Answer

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

(a) to (e) : In terms of Rule 6 of the SEZ Rules, 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 can extend the validity period. The SEZs 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. However no export targets are set for Special Economic Zones (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.