

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

UNSTARRED QUESTION NO:7206

ANSWERED ON:21.05.2012

LAWS FOR SEZS

Ahir Shri Hansraj Gangaram;Annayagari Shri Sai Prathap;Hazari Shri Maheshwar ;Hegde Shri Anant Kumar;Jaiswal Shri Gorakh Prasad ;Joshi Dr. Murli Manohar;Saroj Smt. Sushila;Singh Rajkumari Ratna;Singh Shri Ilyaraj ;Upadhyay Seema;Verma Smt. Usha

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

- (a) whether there are separate laws for the Special Economic Zones (SEZs) ratified by the Parliament;
- (b) whether the Government acquires and allocates land to the SEZs developers under the Land Acquisition Act, 1894 and if so, the rationale behind such rule;
- (c) whether the developers have been granted approval on the condition that the development of such SEZs would be completed within a stipulated time;
- (d) if so, the details thereof;
- (e) whether the land allotted for setting up of SEZs to some of developer have either not been used or are being misused for other purposes such as for real estate development;
- (f) if so, the details thereof and the reaction of the Government in this regard; and
- (g) the specific action taken against each such erring developers alongwith the remedial measures being taken by the Government to avoid the recurrence of such incidents in future?

Answer

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

- (a): Yes Madam. The SEZs are governed as per the provisions of the SEZ Act, 2005 and rules framed thereunder viz. the SEZ Rules, 2006 as amended from time to time.
- (b): Land is a State subject. Land for SEZs is procured as per the policy and procedures of the respective State Governments.
- (c) & (d) : 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 may extend the validity period after taking into account all facts and circumstances on a case to case basis. 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).
- (e) to (g) : There are adequate safeguards in the SEZ Act and Rules to prevent SEZs from indulging in real estate business. In terms of Rule 11(9) of the SEZ Rules, 2006, sale of land in an SEZ is not allowed. Further, duty and other benefits permissible under the SEZ Act 2005 and Rules framed thereunder are allowed only on authorised activities. These authorised activities can relate to the authorised activities of Unit, Developer and Co-developer and can include setting up of unit and infrastructure including social infrastructure. No complaint has been received that SEZ land has been sold by the developer.