

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

UNSTARRED QUESTION NO:599

ANSWERED ON:13.08.2012

PERFORMANCE OF SEZS

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

- (a) the number of Special Economic Zones (SEZs) which have been approved, notified and have become operational alongwith the number of SEZ which are pending for approval with the Board of Approval across the country, State-wise;
- (b) the details of the benefits in terms of the financial assistance, tax waivers and other concessions provided to these SEZs by the Government alongwith the details of the goods exported and the revenue generated from the SEZs during the said period, year-wise, value-wise and State-wise including Rajasthan, Maharashtra and Andhra Pradesh;
- (c) whether the Government has assessed the performance of the SEZs in various States in terms of employment generation and turn over;
- (d) if so, the details thereof and the details of the SEZs which have not been able to achieve the desired objectives alongwith the reasons therefor and the corrective measures taken by the Government in this regard;
- (e) whether there has been a decline in the growth in the number of the SEZs during the recent past and if so, the reasons therefor alongwith the efforts being made by the Government to revive the growth of SEZ; and
- (f) the status of the long pending demand for setting up of a SEZ at Hosur?

Answer

MINISTER OF THE 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 588 proposals out of which 386 SEZs presently stand notified. A total of 158 SEZs have commenced export. A list showing state-wise distribution of formally approved, notified and operational SEZs is annexed (Annexure-I). No proposal for setting up a SEZ is pending for approval by Board of Approval.

(b): 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. Figures of exports from the Special Economic Zones (SEZs) over the last five years and the current financial year are as under:

Sl. No Financial Year Total SEZ Exports % Growth
(Value in Rs.Crores)

1. 2007-08 66,638 93%

2. 2008-09 99,689 50%

3. 2009-10 2,20,712 121%

4. 2010-11 3,15,867.85 43.11%

5. 2011-12 3,64,477.73 15.39%

6. 2012-13 (April 1, 18,321.56 64%
- June, 2012)

A statement showing exports from SEZs in the first quarter of the current financial year 2012-13 (April-June) is annexed. (Annexure II).

(c) & (d): SEZs today provide employment to over 9.20 lac persons, of which employment to 7.85 lac persons is incremental employment generated after February, 2006 when the SEZ Act came into force. This is in addition to the millions of man days of employment generated by the SEZ developers for infrastructure activities. No employment generation targets are set for Special Economic Zones (SEZs). The main objectives of the SEZ Scheme include generation of additional economic activity, promotion of exports of goods and services, promotion of investment from domestic and foreign sources, creation of employment opportunities and development of infrastructure facilities.

(e) There has been a decline in the number of applications for setting up of new SEZs. At the end of FY 2009-10 364 SEZs had been notified. 16 new SEZs were notified during 2010-11 and during 2011-12 only 9 new SEZs were notified. Similarly the growth of number of units being set up in SEZs is also showing a declining trend. At the end of FY 2009-10, 2850 units were operational in SEZs. There has been a modest increment of 440 and 110 units to this number in 2010-11 and 2011-12 respectively. The major reasons for these developments as per informal feedback range from poor investment environment due to global meltdown, poor market response, non-availability of skilled labour force, limited demand for IT/ITES space etc. The Government, on the basis of inputs/suggestions received from stakeholders on the policy and operational framework of the SEZ Scheme, periodically reviews the policy and operational framework of SEZs and takes necessary measures so as to facilitate speedy and effective implementation of SEZs.

(f): As per the SEZ Act, 2005 a Special Economic Zone may be established under this Act, either jointly or severally by the Central Government, State Government, or any person for manufacture of goods or rendering services or for both or as a Free Trade and Warehousing Zone. SEZs are primarily private investment driven. Proposals for setting up of SEZs are considered by the Board of Approval (BoA) only after recommendation of the concerned State Government has been received. No proposal, for setting up of an SEZ at Hosur, recommended by the Government of Tamil Nadu, is pending for approval by BoA.