

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

STARRED QUESTION NO:232

ANSWERED ON:10.12.2012

SLOWDOWN IN SEZs

Adhalrao Patil Shri Shivaji;Singh Shri Ravneet

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

- (a) whether there has been a slowdown in the investment made in the Special Economic Zones (SEZs) in the recent years;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government proposes to amend the provisions of the SEZ Act, 2005 and to revamp the Export Oriented Units (EOUs) to ensure that these SEZs and EOUs remain attractive destinations for investment;
- (d) if so, the details thereof along with the measures taken/being initiated by the Government in this regard; and
- (e) whether his Ministry has approached the Ministry of Finance for reconsideration on withdrawal of Minimum Alternate Tax (MAT) and the Dividend Distribution Tax and if so, the reaction of the Ministry of Finance thereto?

Answer

MINISTER OF COMMERCE AND INDUSTRY(SHRI ANAND SHARMA)

a)to e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 232 FOR ANSWER ON 10TH DECEMBER 2012 REGARDING " SLOWDOWN IN SEZs"

(a) & (b): 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. Requests for de-notification of notified SEZs and cancellation of approvals granted for setting up SEZs are received from time to time from the SEZ developers. The reasons for these requests, wherever indicated by the applicants, include global economic meltdown, poor market response, non-availability of skilled labour force and imposition of Minimum Alternate Tax (MAT) and Dividend Distribution Tax (DDT) on Special Economic Zones (SEZs) etc. A statement showing cumulative investment made in SEZ during the last three years and the current financial year is as under:-

Investment made in SEZ during last three and current financial year

Financial Years Investment Growth Rate in %
(Rs. Crore) (over previous year)

2009-2010	148488.62	27.79
2010-2011	202809.54	26.78
2011-2012	201874.76	-0.46
2012-2013	218795.41	7.73

(April to September, 2012)

(c) to (e): The Government, on the basis of inputs/suggestions received from stakeholders has reviewed the policy and operational framework of the Special Economic Zone (SEZ) Scheme and is presently engaged in inter-ministerial consultations for finalization of a proposal for SEZ policy and operational framework reform through necessary changes in the SEZ norms, targeting a more investor friendly environment and smoother operation of the SEZ scheme. Further, the Government has also received the recommendations of the committee set up for examining the revamp of the Export Oriented Units (EOUs) Scheme to ensure that the EOUs continue as an attractive destination for export related investment. These recommendations are being processed through inter-ministerial consultations. The issue of exemptions of Minimum Alternate Tax (MAT) and the Dividend Distribution of Tax (DDT) for SEZ entities is also being taken up as a part of the inter-ministerial consultation process.