

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

STARRED QUESTION NO:286

ANSWERED ON:18.03.2013

ASSESSMENT OF SEZs

Das Shri Ram Sundar;Rao Shri Nama Nageswara

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

- (a) whether the Government has made any assessment of the impact on employment avenues for the local population displaced as a result of establishment of Special Economic Zones (SEZs) and if so, the details and the outcome thereof;
- (b) the contribution of SEZs to the national trade and in diversifying the export market;
- (c) whether SEZs have benefited the big industrialists and multinational companies as well as the small and marginal businessmen;
- (d) if so, the details thereof and if not, the reasons therefor along with corrective steps taken/being taken by the Government in this regard; and
- (e) whether the SEZs are highly susceptible to the external environments affecting their business and if so, the details thereof along with the measures being initiated to address such circumstances?

**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. 286 FOR ANSWER ON 18TH MARCH, 2013 REGARDING "ASSESSMENT OF SEZs"

(a): The approval for setting up of a Special Economic Zones (SEZs) is given on the recommendations of the State Government. The issues relating to the displaced local population, if any, are addressed by the respective State Governments. It is noteworthy that as on 31.12.2012, SEZs have generated direct employment for approximately 10,19,146 persons. This is over and above the employment generated by SEZ developers for development of SEZ infrastructure. Studies commissioned have indicated that local population comprises a very large percentage of workforces in SEZs.

(b): The contribution of SEZ exports and country exports during the last five years and the current financial year are as under:

Financial Year	Total exports of the Country (Rs. in Crores)	Total SEZ Exports (Rs. in Crores)	Percentage share of SEZ exports in the total exports of the country
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2007-2008	6,55,864	66,638	10.16
2008-2009	8,40,755	99,689	11.86
2009-2010	8,45,534	2,20,711	26.10
2010-2011	11,42,922	3,15,868	27.64
2011-2012	14,54,066	3,64,478	25.07
2012-2013 #	11,52,988	3,53,195	30.63

# April, 2012 to December 2012.

(c) to (e): No Madam. A large number of SEZ units are in micro, small and medium enterprise sector.

Businesses established in SEZs are as susceptible to the external environment as similar businesses in the Domestic Tariff Area of the country. Global economic slowdown has had an adverse impact on SEZs as well. Reduced interest in setting up SEZ units translates into the business of SEZ developers being adversely affected in turn. This is visible in the increased requests for denotification of SEZs especially in the last two years. Board of Approval on SEZ has approved 54 such requests for de-notification of SEZs till 13th March, 2013. The reasons given by developers for de-notification include economic meltdown, poor market response, non-availability of skilled labour force, lack of demand for space and imposition of Minimum Alternate Tax (MAT) and Dividend Distribution Tax (DDT) on SEZs. The Government has had detailed consultations with various stakeholders including SEZ Developers and units, State Government, Central Government Departments, representative bodies of Trade and Industry etc and based on their feedback has reviewed the policy and operational framework governing SEZs and has proposed to make changes in the SEZ policy

so as to ensure that the objectives of the SEZ policy can be better addressed.