

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

UNSTARRED QUESTION NO:3318

ANSWERED ON:18.03.2013

MISUSE BY SEZ DEVELOPERS

Biswal Shri Hemanand ;Hegde Shri Anant Kumar;Joshi Dr. Murli Manohar;Raghavan Shri M. K.;Ramasubbu Shri S.;Yadav Shri Dinesh Chandra

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 along with the number of SEZs which are pending for approval with the Board of Approval across the country, State-wise;
- (b) whether there have been several instances wherein the approved SEZs have not been able to start functioning and several of them have requested for cancellation of their SEZ licenses and if so, the details thereof and the reasons therefor;
- (c) whether the Government has made any assessment of the performance of the SEZs and if so, the details thereof;
- (d) the details of the achievement made by these SEZs with regard to production, exports, employment generation, land acquired and utilised, concessions granted and foreign exchange earned by these SEZs during each of the last three years and the current year;
- (e) whether some SEZ developers have diverted the lands acquired for developing SEZ for any other purposes such as real estate, etc. and if so, the details thereof along with the action taken by the Government thereon; and
- (f) the details of requests and demand made by the industries and factories in various SEZs in the country along with the action being taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. D. PURANDESWARI)

(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 577 proposals out of which 385 SEZs have been notified. A total of 166 SEZs are exporting. Statement containing State-wise distribution of SEZs is annexed.

(b): Setting up of SEZs and their functioning is regulated as per the provisions of SEZ Act, 2005 and Rules framed thereunder. Since December, 2008 and till 13th March, 2013 the Board of Approval on SEZ has approved 54 requests for de-notification of SEZs. 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 Special Economic Zones (SEZs).

(c) & (d): Exports from the Special Economic Zones (SEZs) have increased from Rs. 3,15,868 crore in 2010-11 to Rs. 3,64,478 crore in 2011-12, registering a growth of 15.39%. The total exports from SEZs in the first three quarter of the current financial year 2012-13, have been to the tune of Rs. 3,53,195 crore approximately registering a growth of 35.34% over the exports of corresponding period of the previous financial year.

The total employment to 10,19,146 persons have been provided. As per information made available by the SEZ developers in respect of 381 SEZs, 82.3% of land is waste/barren/ dry/industrial, 15% of land is single crop and 2.7% of land is double crop. As on 13th March, 2013, 577 formal approvals for SEZs covering a total area of 67,787 hectares have been granted. Figures of SEZ Exports, Employment and Investment during the last three years and the current financial year are as under:

Financial Year	Exports	Investment
(Rs. crore)	Employment	(Rs. crore)

2009-2010	2,20,711	5,03,611	1,48,489
2010-2011	3,15,868	6,76,608	2,02,810
2011-2012	3,64,478	8,44,916	2,01,875
2012-2013#	3,53,195	10,19,146	2,38,990
#April to December, 2012			

(e) & (f): There are adequate safeguards in the SEZ Rules, 2006 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 land being a State subject, the Board of Approval approves a proposal for establishment of a Special Economic Zone (SEZ) only on the explicit recommendation of the concerned State Government and subject to the terms and conditions prescribed in the SEZ Act and Rules. Issues related to availability/provisioning of land for SEZs are in the domain of the State Government