

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

UNSTARRED QUESTION NO:82

ANSWERED ON:05.08.2013

CONCESSIONS TO SEZs

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

- (a) whether the manufacturers supplying goods to Special Economic Zone units can claim excise rebate and if so, the details thereof along with the details of service tax and other taxes levied under the Special Economic Zones (SEZs);
- (b) whether the industrial sector has expressed concerns regarding approval under the single window clearance system and if so, the details thereof and the reaction of the Government thereto;
- (c) whether the SEZ units are achieving a positive Net Foreign Exchange through deemed exports rather than actual exports and if so, the details thereof;
- (d) whether there is a proposal to restrict the share of deemed exports that SEZ units can use to achieve a positive Net Foreign Exchange and if so, the details thereof; and
- (e) the percentage of total SEZ production that has been physically exported during each of the last three years?

**Answer**

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

(a) Supplies to SEZs for the authorized operations of the SEZ Units are exempted from payment of Central Excise Duties and Service Tax. However rebate for Central Excise Duty paid by DTA supplier on supply of goods to SEZ Units can be claimed from the jurisdictional Central Excise authorities.

(b) The SEZ Act 2005 provides for setting up of a Single Window Clearance Mechanism for speedy implementation of SEZ Projects. Accordingly, the State Governments are expected to take suitable steps to notify the SEZ policy and enact suitable enabling legislation in this regard for their respective States. A few States have enacted their State SEZ Acts.

(c) & (d) As per Rule 53 of SEZ Rules 2006 the SEZ units are under an obligation to achieve positive Net Foreign Exchange (NFE) earnings to be calculated cumulatively for a period of 5 years from the commencement of production. Under Rule 53 certain categories of sales/supplies have also been permitted to be counted towards NFE earnings. Value of transactions under such categories are a very small percentage of the total exports made from SEZs. The total exports from the SEZs outside the country and sales to Domestic Tariff Area from SEZs, during the financial years 2009-10 to 2012-13 and first quarter of current financial year (April, 2013 – June, 2013) are as under:

| Financial Years | Value of Exports | Supplies which are treated towards Tariff Area positive NFE earnings. | Sales to Domestic Exports over column V | Total shared of column III over column V | Percentage |
|-----------------|------------------|---|---|--|------------|
| I               | II               | III   | IV                                      | V  | VI         |
| 2009-10         | 2,20,711.39      | 13,937.04   | 19,200.92                               | 2,53,849.35                              | 5.49%      |
| 2010-11         | 3,15,867.85      | 29,093.05   | 13,881.20                               | 3,58,879.07                              | 8.11%      |
| 2011-12         | 3,64,477.73      | 32,472.70   | 29,664.83                               | 4,26,615                                 | 8%         |
| 2012-13         | 4,76,158.93      | 27,884.80   | 27,545.46                               | 5,31,589                                 | 5%         |
| 2013-14#        | 1,13,299         | 8,055.70  | 7,481.91                                | 1,28,836                                 | 6%         |

# April, 2013 – June, 2013

(e) The contribution of SEZ exports during the last three years and the current financial year are as under:

| Financial Year       | Physical Exports from SEZs | Growth Rate |
|----------------------|----------------------------|-------------|
| (Value in Rs. Crore) | (over previous year)       |             |
| 2010-2011            | 3,15,868                   | 43.11%      |
| 2011-2012            | 3,64,478                   | 15.39%      |

|                         |          |         |
|-------------------------|----------|---------|
| 2012-2013               | 4,76,159 | 31%     |
| 2013-2014               | 1,13,299 | - 4.25% |
| (as on 30th June, 2013) |          |         |