

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

UNSTARRED QUESTION NO:2060

ANSWERED ON:19.08.2013

SHIFTING OF SEZ UNITS

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

- (a) whether the Government has granted exemption to certain Special Economic Zones (SEZs) from public consultation except for those projects or activities located within industrial estates or parks and if so, the details thereof along with the guidelines issued by the Government in this regard;
- (b) whether there have been any instances of default by some SEZs and if so, the details thereof and reasons therefor along with the action taken by the Government against such defaulters;
- (c) whether Unit Approval Committees have been set up in all SEZs to monitor the performance of the units and if so, the details thereof and if not, the measures being taken to ensure that the functioning of SEZ is adequately regulated;
- (d) whether the Government proposes to issue new policy in order to allow shifting of units from one SEZ to other SEZs and provide more concessions to existing SEZs and if so, the details thereof and the reasons therefor;
- (e) whether the State Governments have been consulted in this regard and if so, the details thereof along with the objections raised by them in the matter; and
- (f) whether the Government has laid down any specific norms for earmarking and utilization of percentage of profits earned by the SEZs under the corporate social responsibility schemes and if so, the details thereof?

Answer

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

- (a): The procedure for environmental clearance of Special Economic Zones (SEZs) projects are governed by the EIA Notification, 2006 issued by the Ministry of Environment and Forest (MoEF), Govt of India and the notifications issued in this regard from time to time. Certain simplification of the clearance procedure for SEZs has been made by the MoEF through its OM dated 1st Nov. 2012.
- (b): 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, failing which the units shall be liable for penal action under the provisions of the Foreign Trade (Development and Regulation) Act, 1992. The Approval Committees constituted for each SEZ under the respective Development Commissioners, which comprise representatives from Departments of Customs and Income-tax, State Governments etc. monitor the performance of the SEZ Units. Such monitoring includes scrutiny of Annual Performance Report (APR), Quarterly Performance Report (QPR) and details of rent recovery furnished by the SEZ units. Failure to meet the requirements of the scheme or any violation of its provisions attracts action under Foreign Trade (Development and Regulation) Act, 1992.
- (c): Approval Committees are set-up under Section 13 of the SEZ Act, 2005 with the objective to promote a single window clearance mechanism and to effectively monitor the performance of SEZ Units. The Approval Committees under the respective Development Commissioners have been constituted for each Zone and comprise representatives from Departments of Customs and Income- tax, State Governments etc. Unit Approval Committees carry out monitoring and supervision of compliances of conditions subject to which approval/permission has been granted to Developers /Units.
- (d)&(e): 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. In order to address the challenges being faced by SEZs, certain amendments in SEZ policy and its operational framework have been made with the objective of making SEZs more investors' friendly.
- (f): The SEZ Act and attendant Rules do not lay down any specific norms for earmarking and utilization of percentage of profits earned by the SEZs under the corporate social responsibility schemes. Various activities regarding social infrastructure in the non-processing area of the SEZ including quantum of residential units, commercial area, hospitals and educational institutions etc are permitted only after the approval by the Board of Approval after an assessment of the functional requirement of the zone including its employees.