

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

UNSTARRED QUESTION NO:2662

ANSWERED ON:26.08.2013

DEVELOPMENT OF SEZS

Dhurve Jyoti;Khaire Shri Chandrakant Bhaurao;Naranbhai Shri Kachhadia;Sinh Dr. Sanjay

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

- (a) whether the Government proposes to set up Special Economic Zones (SEZs) exclusively for the financial services in the country and if so, the details thereof;
- (b) whether the proposed SEZ is likely to be developed into an international financial services centre and if so, the details thereof;
- (c) whether the Government proposes to provide tax benefits to the SEZs for financial services apart from computer software sector which is presently the only service eligible for tax exemption and if so, the details thereof and the reasons therefor;
- (d) whether the Government proposes to provide tax benefits to the SEZs for financial services, and if so, the details thereof and if not, the reasons therefor; and
- (e) the net foreign exchange earned by a SEZ during five years from the date of its establishment under section 53 of the SEZ Act and the provisions for action against the violators of this Section along with the number of companies against which action has been taken under the said provision and the outcome thereof?

Answer

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

(a) & (b): As per Section 18 of the Special Economic Zones (SEZs) Act, 2005 the Government may approve the setting up of an International Financial Services Centre (IFSC) in a SEZ. The Central Government may prescribe the requirements for setting up and the terms and conditions of the operation of Units in an IFSC, subject to such guidelines as may be framed by the Reserve Bank, the Securities and Exchange Board of India, the Insurance Regulatory and Development Authority and such other concerned authorities, as it deems fit.

(c)&(d): All SEZs, including SEZs providing financial services, established under the provisions of the SEZ Act, 2005 and Rules framed thereunder and amendments notified thereon from time to time are eligible for the fiscal concessions and duty benefits as provided under the SEZ Act and Rules.

(e): As per Rule 53 of SEZ Rules, 2006, a SEZ unit is 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 total exports from the SEZs during the last seven years and the current financial year are as under:

Financial Year	Exports from SEZs
(Value in Rs. Crore)	
2006-2007	34,615
2007-2008	66,638
2008-2009	99,689
2009-2010	2,20,711
2010-2011	3,15,868
2011-2012	3,64,478
2012-2013	4,76,159
2013-2014#	1,13,299

#for the period April-June, 2013