

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

UNSTARRED QUESTION NO:603

ANSWERED ON:09.12.2013

RELAXATION OF NORMS FOR SEZs

Bapurao Shri Khatgaonkar Patil Bhaskarrao;Bhoi Shri Sanjay;Gaikwad Shri Eknath Mahadeo;Paranjpe Shri Anand  
Prakash;Sugumar Shri K.

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

(a) whether the exports from Special Economic Zones (SEZs) have declined in the first quarter of the current fiscal against growth during the entire 2012-2013 and if so, the details thereof and the reasons therefor;

(b) whether the Government has relaxed the norms for the manufacturing units in SEZs to outsource production to units located outside these export enclaves for up to three years;

(c) if so, the details thereof along with the other steps being taken by the Government to facilitate the manufacturing process and augment exports from SEZs;

(d) whether the Government has unveiled the package of reforms to revive investments in SEZs; and

(e) if so, the details thereof along with the steps taken/being taken by the Government to revive interest of investors and provide more incentives to SEZs?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. E.M. SUDARSANA NATCHIAPPAN)

(a): Exports from the Special Economic Zones (SEZs) had increased from Rs. 3,64,478 crore in 2011-12 to Rs. 4,76,159 crore in 2012-13, registering a growth of 31%. The total exports from SEZs in the first quarter of the current financial year 2013-14, have been to the tune of Rs. 1,13,299 crore approximately and there is decline of 4.25% over the exports of the corresponding period of FY 2012-13.

(b)&(c): Yes Madam. In order to facilitate the manufacturing process and thereby augment exports from SEZs, the period of sub-contracting of production or any production process by large manufacturing SEZ units, except Gems & Jewellery sector SEZ units, to Domestic Tariff Area (DTA) has been increased up to three years at a time subject to certain conditions. This is in addition amendments to the SEZs Rules, 2006 which aim to address the challenges being faced by SEZ Developers and Units on the one hand, while creating a more investor friendly environment on the other. These include reduced minimum area requirements for establishing SEZs, reforms in vacancy norms for land for SEZs, sectoral broad-banding and graded scale for minimum land criteria in order to allow greater flexibility and to facilitate optimal utilization of SEZ land, clarification of norms for transfer of assets by SEZ Units upon their exit etc. The amendments also provide that while there will be no minimum land area requirement for setting up IT/ITES SEZs such IT/ITES SEZs will have to conform with a minimum built up area requirement which is graded as per category of cities based on their IT density.

(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 as also to promote investment in SEZs thereby augmenting growth of employment and SEZ exports. In order to address the challenges being faced by SEZs, certain amendments have been carried out in the SEZ Rules, 2006, on 12th August, 2013 with the objective of making the operational framework of SEZs more investors' friendly and to better achieve the objectives of the SEZ policy. The amendments to the SEZs Rules, 2006 include reduced minimum area requirements for establishing SEZs, reforms in vacancy norms for land for SEZs, sectoral broad-banding and graded scale for minimum land criteria in order to allow greater flexibility and to facilitate optimal utilization of SEZ land, clarification of norms for transfer of assets by SEZ Units upon their exit etc. The amendments also provide that while there will be no minimum land area requirement for setting up IT/ITES SEZs such IT/ITES SEZs will have to conform with a minimum built up area requirement which is graded as per category of cities based on their IT density.