

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

UNSTARRED QUESTION NO:2955

ANSWERED ON:13.03.2015

SPECIAL ECONOMIC ZONES

Chaudhary Shri C.R.;Choudhary Shri Ram Tahal;Devi Smt. Rama;Giluwa Shri Laxman;Jadhav Shri Prataprao Ganpatrao;Kamal Nath Shri ;Kambhampati Dr. Hari Babu;Khairi Shri Chandrakant Bhaurao;Mahato Shri Bidyut Baran;Moily Dr. M. Veerappa;Muddahanumegowda Shri S.P.;Owaisi Shri Asaduddin;Patil Shri Sanjay(Kaka) Ramchandra;Rajesh Shri M. B.;Raut Shri Vinayak Bhaurao;S.R. Shri Vijay Kumar;Sampath Shri Anirudhan;Scindia Shri Jyotiraditya Madhavrao;Shewale Shri Rahul Ramesh

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

- (a) the objectives behind creating Special Economic Zones (SEZs) along with presently functional/non- functional SEZs in the country, State/UT-wise;
- (b) the fiscal concessions/benefits allowed to SEZs by the Government indicating the quantum of concessions/benefits actually given/availed by them during each of the last three years and the current year;
- (c) the details of total notified land area, area utilised and lying vacant in the approved SEZs in the country, State/UT-wise alongwith the measures taken by the Government to protect the farmers` interest in the land acquisition for SEZs ;
- (d) whether the Government has recently de-notified/ cancelled some of the notified/approved SEZs and taken note that several developers have approached to surrender their projects and if so, the details thereof and the reasons therefor along with the reaction of the Government to re-allocate/make use of these SEZs; and
- (e) the impact of SEZs in country`s growth indicating the employment generation and export thereby during the said period, State/UT-wise along with the measures taken/being taken by the Govern- ment to speed up operationalisation of SEZs to complete them in a time bound manner and to review/revamp the current SEZ policy to make it more effective and achieve its objectives?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (INDEPEN- DENT CHARGE) (SMT. NIRMALA SITHARAMAN)

(a): The notification of Special Economic Zones

(SEZs) in the country is guided by the following:- i. generation of additional economic activity ii. promotion of exports of goods and services; iii. promotion of investment from domestic and foreign sources; iv. creation of employment opportunities; v. development of infrastructure facilities A statement showing the State/UT-wise, list of SEZs is at Annexure-I.

(b): The fiscal concessions and duty benefits allowed to Special Economic Zones (SEZs) are in-built into the SEZs Act, 2005 and Rules thereunder. The incentives and concessions available to SEZ Developers and Units include exemptions from income tax, customs/ excise duties, central sales tax, service tax, VAT, etc. These fiscal concessions and duty benefits allowed to Special Economic Zones (SEZs) are in built into the SEZs Act, 2005 and Rules thereunder and are in the nature of incentives to achieve the SEZ objectives. The revenue foregone on account of concessions availed by the SEZ Developers and Units under the provisions of sections 10AA, 80-IA and 80-IAB of the Income Tax Act, 1961 for the last three years is as under:-

Sl. No.	Financial year(s)	Revenue Foregone (Rs. in crore)
1	2011-12	12117.20
2	2012-13	15066.50
3	2013-14	18872.50

Source: indiabudget.nic.in

(c): Land is a State subject. Land for Special Economic Zones (SEZs) is procured as per the policy and procedures of the respective State Governments. State Governments have been advised that in case of land acquisition for SEZs, first priority should be for acquisition of waste and barren land and if necessary single crop agricultural land could be acquired for the SEZs. If perform a portion of double cropped agricultural land has to be acquired to meet the minimum area require- ments, especially for multi-product SEZs, the same should not exceed 10% of the total land required for the SEZ. The Board of Approval for SEZs only considers those

proposals, which have been duly recommended by the State Government. Further, pursuant to the decision of Empowered Group of Ministers (EGOM) in its meeting held on 5th April, 2007, the State Governments have been informed on 15th June, 2007 that the Board of Approval will not approve any SEZs where the State Governments have carried out or propose to carry out compulsory acquisition of land for such SEZs after 5th April, 2007. A statement showing the State/UT-wise, total notified land area, area utilized and lying vacant in Processing Area of 365 notified SEZs is at Annexure-II.

(d): As on 28th February, 2015, 37 SEZs have been de-notified. 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 changes in fiscal concessions regime for Special Economic Zones

(SEZs).

(e): In addition to Seven Central Government Special Economic Zones (SEZs) and 11 State/Private Sector SEZs set-up prior to the enactment of the SEZ Act, 2005, approval has been accorded to 436 proposals for setting up of SEZs, out of which 347 SEZs have been notified as on date. Presently, a total of 199 SEZs are exporting. The contribution of SEZ exports, employment generated and investment made in SEZs during the last three years is as under:

Financial Year	Exports (Rs. Crore)	Exports (Persons)	Employment (Rs. Crore)	Investment
2011-2012	364478	844916	201875	
2012-2013	476159	1074904	236717	
2013-2014	494077	1283309	296663	

Calculated on cumulative basis. Ongoing review and reform of Government policy and procedure is inherent to Public Policy.