

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

UNSTARRED QUESTION NO:379

ANSWERED ON:11.07.2014

INCENTIVES FACILITIES TO SPECIAL ECONOMIC ZONES

Karandlaje Km. Shobha

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

- (a) the details of Special Economic Zones (SEZs) in the country, State/UTwise along with incentives and facilities offered by the Government to the units in SEZs;
- (b) the benefits/contribution of SEZs in country's economy, employment generation and export;
- (c) whether the Government proposes to expand tax relief for the SEZs and if so, the details thereof;
- (d) whether any shortcomings have been reported/noticed in the current SEZ policy;
- (e) if so, the details thereof; and
- (f) the measures taken/proposed to be taken by the Government to review/revamp the current SEZ policy to remove the shortcomings therein?

Answer

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

(a): 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, formal approval has been accorded to 565 proposals out of which 388 SEZs have been notified. Presently, a total of 185 SEZs are exporting. A list showing State-wise distribution of formally approved, notified and operational SEZs is at Annexure. The fiscal concessions and duty benefits allowed to Special Economic Zones (SEZs) are inbuilt into the SEZs Act, 2005 and Rules thereunder. These exemptions are uniformly applicable to all SEZs and are in the nature of incentives for export and are consistent with the principles that guide export promotion initiatives of the Government in general. The incentives and facilities offered to the units in SEZs for attracting investments into the SEZs are as under:-

1. Duty free import/domestic procurement of goods for development, operation and maintenance of SEZs and SEZ units
2. 100% Income Tax exemption on export income for SEZ units under Section 10AA of the Income Tax Act for first 5 years, 50% for next 5 years thereafter and 50% of the ploughed back export profit for next 5 years.
3. Exemption from Central Sales Tax.
4. Exemption from Service Tax.
5. Exemption from State sales tax and other levies as extended by the respective State Governments.

(b): The contribution of SEZ exports to overall country's exports and employment generated in SEZs during the last three years are as under:

Year(s)	Country##	Total Exports of SEZs (Rs. Crore)	Total Exports of the country (Rs. Crore)	% share of SEZ exports in the total exports of the country	Employment in SEZs#
2011-2012	14,65,959	3,64,478	14,65,959	24.86	8,44,916
2012-2013	16,35,261	4,76,159	16,35,261	29.12	10,74,904
2013-2014	18,92,892	4,94,077	18,92,892	26.10	12,83,309

calculated on cumulative basis.
Data source: DGCIS, Kolkata.

(c): The proposals in respect of legislative changes in direct tax laws are considered through the Finance Bill during the Annual Budgetary exercise. The response of the Government in this regard shall be reflected in the form of Finance (No. 2) Bill, 2014.

(d) to (f): 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 SEZ Scheme.