

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

UNSTARRED QUESTION NO:1059

ANSWERED ON:28.11.2014

SPECIAL ECONOMIC ZONES

Boianapalli Shri Vinod Kumar;Chautala Shri Dushyant;Chavan Shri Harishchandra Deoram;Gandhi Shri Feroze Varun;Gavit Dr. Heena Vijaykumar;Jadhav Shri Prataprao Ganpatrao;Karandlaje Km. Shobha;Khaire Shri Chandrakant Bhaurao;Laguri Smt. Sakuntala;Mahadik Shri Dhananjay Bhimrao;Patil Shri Vijaysinh Mohite;Satav Shri Rajeev Shankarrao;Sule Smt. Supriya Sadanand;Venkatesh Babu Shri T.G.

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

- (a) the details of Special Economic Zones (SEZs) presently functional/ non- functional in the country, State/UT-wise along with the incentives/ facilities/tax/ rebates/financial assistance provided by the Government to the units in SEZs, and its contribution in country's economy, employment generation and export during each of the last three years and the current year, State/UT-wise;
- (b) whether the Government has recently cancelled approval of some SEZs in the country and if so, the details thereof along with the reasons therefor;
- (c) whether the Government also proposes to impose penalty on those developers and has asked to refund the duty benefits availed by them, if so, the details thereof and the response of the developers thereto;
- (d) whether there has been demands from various quarters for discontinuing or reducing the Minimum Alternate Tax (MAT), Dividend Distribution TAX (DDT) and relaxation in land acquisition norms and if so, the details thereof along with the response of the Government thereto; and
- (e) the measures taken/being taken by the Government to review/revamp the current SEZ policy and issues relating to infrastructure for non-core uses of SEZs and to make the recently announced new Foreign Trade Policy WTO complaint?

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, approval has been accorded to 524 proposals out of which 352 SEZs have been notified. There are a total of 196 functional SEZs. The fiscal concessions and duty benefits allowed to Special Economic Zones (SEZs) are in built into the SEZs Act, 2005 and SEZs Rules, 2006 framed 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.

States/UTs-wise details of functional/non-functional SEZs and their contribution to exports and employment generation during the last three years and the current year are at Annexure-I and Annexure-II respectively.

(b) & (c): Recently Board of Approval on Special Economic Zones (SEZs) has approved for de-notification/cancellation of 35 notified/formally approved SEZs

(Annexure-III) as the progress made by the Developers of these SEZs is not satisfactory. These de-notification/cancellation are subject to payment of all applicable duties and tax benefits availed by the Developer and receipt of No-objection Certificate (NOC) from the concerned State Government. Further, 18 in-principle approved SEZs (Annexure-IV) have been cancelled by the Department owing to no further action has been taken by the Developers.

(d): There have been demands from various quarters for discontinuing of Minimum Alternate Tax (MAT) imposed to SEZ Developers and Units and Dividend Distribution Tax (DDT) levied on SEZ Developers. Ministry of Commerce and Industry (Department of Commerce) had recommended the restoration of original exemption from Minimum Alternate Tax (MAT) and Dividend Distribution Tax (DDT) to SEZ developers and units. However, Ministry of Finance has not agreed.

As per entry no. 18 of the State list in the 7th schedule to the Constitution of India, land is a State subject.

(e): Review of functioning of SEZs is an on-going process and on the basis of inputs/suggestions received from stakeholders on the policy and operational framework of the SEZ Scheme, Government periodically takes necessary measures so as to facilitate speedy and effective implementation of SEZ Scheme.

