

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

UNSTARRED QUESTION NO:4561

ANSWERED ON:19.12.2014

IMPACT OF SPECIAL ECONOMIC ZONES

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

- (a) whether the Special Economic Zones have no noticeable impact on any aspect of economic growth while they have claimed huge amount of ineligible taxes;
- (b) if so, the details thereof indicating the tax concessions availed by the SEZs between 2006-07 and 2012-13; and
- (c) the reaction of the Government thereto?

**Answer**

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

(a) to (c): No Madam. In short span of about eight years since Special Economic Zones (SEZs) Act and Rules were notified in February, 2006, formal approvals have been granted for setting up of 491 SEZs out of which 352 have been notified. Presently, a total of 196 SEZs are exporting. Out of the total employment provided to 13,50,071 persons in SEZs as a whole 12,15,367 persons is incremental employment generated after February, 2006 when the SEZ Act has come into force. This is apart from millions of man days of employment generated by the developers for infrastructure activities. Physical exports from the SEZs has increased from Rs.4,76,159 crore in 2012-13 to Rs.4,94,077 crore in 2013-14, registering a growth of 4%. There has been overall growth of export of 2,063% over past nine years (2005-06 to 2013-14). The total physical exports from SEZs as on 30th September, 2014 i.e. in the first two quarters of the current financial year 2014-15, has been to the tune of Rs.2,34,821 crore approximately. The total investment in SEZs till 30th September, 2014 is Rs.3,80,284 crore approximately, including Rs.3,76,248.49 crore in the newly notified SEZs set up after SEZ Act, 2005.

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 SEZ objectives. The revenue forgone availed by the SEZ Developers and Units under the provisions of sections 10AA and 80-1AB of the Income Tax Act, 1961 for the financial years 2006-07 to 2012-13 is as under:-

Sl. No.	Financial year(s)	Revenue Forgone
	(in Rs. crore)	
1	2006-07	844.00
2	2007-08	2984.00
3	2008-09	4459.00
4	2009-10	5288.00
5	2010-11	8775.00
6	2011-12	12651.40
7	2012-13	15185.90