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Title: Need to review the proposals of the Draft Tax Code to confer tax holiday benefit to the industrial units set up inside Special Economic Zones in Tamil Nadu.

SHRI S.S. RAMASUBBU (TIRUNELVELI): The Special Economic Zone development activity in Tamil Nadu has slowed down due to a sudden change in the policy of the Union Government on the tax holiday plan. The issue relates to the removal of income tax benefits for new SEZ units and the units which had invested, but not yet started commercial production.

The Draft Tax Code (DTC), which does not confer tax holiday benefit on units inside SEZs, will leave millions of square feet of commercial space across the State unoccupied. Almost all States in the country will be affected if the tax proposals take effect of but Tamil Nadu stands to lose significantly because it has a large number of SEZs both operational (20) and those under notification/development (57). There were a total of 220 units located in the above 20 SEZs including Infosys, Mahindra, DLF, L&T, CCL Infrastructure, MARG, TCS Group, Nokia, Cognizant and Foxconn. These units have generated direct employment for 1.62 lakh persons. Tamil Nadu is the only State that has all types of SEZs ranging from leather to IT, food processing, textiles, apart from multi-product SEZs. Further, industrialization of many towns in the State including Hosur, Madurai, Tiruchi, Coimbatore, Tuticorin, Tirunelveli and Cheyyuar, are dependent on the SEZs.

I shall, therefore, urge upon the Union Government to review the proposals of DTC and to save the industries and economy of the State of Tamil Nadu