

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
(DEPARTMENT OF COMMERCE)

LOK SABHA
STARRED QUESTION NO. 58
TO BE ANSWERED ON 05th FEBRUARY, 2020

SPECIAL ECONOMIC ZONES

*58. SHRI PRADYUT BORDOLOI:

Will the Minister of **COMMERCE & INDUSTRY** (वाणिज्य एवं उद्योग मंत्री) be pleased to state:

- (a) the details of the Special Economic Zones (SEZs) in the country, State/UT-wise along with the share of SEZs in the total export from the country during the last four years;
- (b) whether the Government has set up or has any proposal to set up any SEZ in the North Eastern Region (NER) and if so, the details and the locations thereof, State-wise;
- (c) whether the Government has explored setting up of such zones in various States in the NER to boost trade with neighbouring countries and if so, the details thereof and if not, the reasons therefor;
- (d) whether the Government has appointed any Panel for this purpose and if so, the details thereof; and
- (e) whether the said Panel has suggested any changes in the SEZ Rules and if so, the details thereof along with the decision taken, if any, by the Government in this regard?

ANSWER

वाणिज्य एवं उद्योग मंत्री (श्री पीयूष गोयल)
THE MINISTER OF COMMERCE AND INDUSTRY
(SHRI PIYUSH GOYAL)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (e) OF LOK SABHA STARRED QUESTION NO. 58 FOR ANSWER ON 05th FEBRUARY, 2020 REGARDING “SPECIAL ECONOMIC ZONES”.

(a): In addition to Seven Central Government Special Economic Zones (SEZs) and 12 State/Private Sector SEZs, which were set-up prior to the enactment of the SEZs Act, 2005, approvals have been accorded to 422 proposals for setting up of SEZs in the country by State Governments/private investors. Presently, out of 372 notified SEZs a total of 238 SEZs are operational. States/UTs-wise details are available at www.sezindia.nic.in. The export data of country vis-à-vis SEZs during the last four years is as under:-

Financial Year	Total exports (goods + services) of the Country (INR-Crs) *	Total exports (goods + services) of the SEZs (INR-Crs)*	% share of the SEZs exports in the total exports of the country
2015-16	2726635	467337	17.14
2016-17	2950736	523637	17.75
2017-18	3213959	581033	18.08
2018-19	3746613	701179	18.72

**Source: DGCIS & RBI website and NSDL*

(b) and (c): SEZs being setup under the SEZ Act, 2005 and SEZ Rules, 2006 are primarily private investment driven initiatives and no funds are sanctioned by the Central Government for setting up the SEZ. Permissible fiscal/duty benefits are available to SEZ developers and Units. The Board of Approval (BoA) in Department of Commerce approves a proposal for establishment of a Special Economic Zone (SEZ) subject to the terms and conditions prescribed in the SEZ Act, 2005 and Rules, 2006 as amended from time to time. The approval is granted only after the concerned State Government recommends the setting up of the SEZ. Central Government had notified 4 SEZs in North Eastern Region. The details of SEZs are at **Annexure**.

(d) and (e): Central Government has not appointed any panel for this purpose. However, a Group of eminent persons under the Chairmanship of Shri Baba Kalyani was formed by the Central Government vide Department of Commerce Order dated 04.06.2018 to study the SEZ Policy of India. The Group submitted its report to Hon'ble CIM on 19.11.2018. A number of recommendations of the Group have already been implemented which are enclosed as **Appendix**.

Annexure to the Lok Sabha Starred Question No. 58 for 5th February, 2020

The detail of SEZs in North Eastern Region						
Sl. No.	State wise Sl. No.	Name of the Developer	Location	Type of SEZ	Area (hectares)	Date of Notification
	MANIPUR					
1	1	Manipur IT SEZ Project Development Company Ltd.	Imphal, Manipur	IT/ITES	10.85	26th February, 2014
	NAGALAND					
2	1	Nagaland Industrial Development Corporation Limited	Ganeshnagar Under Dhansiri Sub-Division, Dimapur District, Nagaland.	Agro and Food Processing	50.7	9th July 2009
3	2	H.N. Company	Dimapur, Nagaland	Multi Product	290	15th October, 2012
	TRIPURA					
4	1	Tripura Industrial Development Corporation Limited	Paschim Jalefa, Sabroom, South Tripura District, Tripura	Agro Based Food Processing	16.35	16th December, 2019

APPENDIX TO LSSQ 58 FOR ANSWER on 05.02.2020

The recommendations of the Group which have already been acted upon are as follows.

- Review specific exclusions proposed in NFE computation in light of “Make in India” initiative, especially projects of economic importance - The recommendation sought that the status quo prior to 19.09.2018 should be retained. Accordingly, the same was implemented through a suitable amendment to the SEZ Rules in March-2019.
- Sharing of duty exempted assets/ infrastructure between units to be allowed against specific approval – This recommendation was implemented through a suitable Clarification issued on 11.06.2019 for allowing usage of common infrastructure like canteen / datacenters etc among SEZ units against specific approval.
- Inclusion of indigenous goods in NFE computation should be excluded as there is no foreign exchange outflow on procurement of indigenous goods and same is contrary to the objective of NFE and principles followed for EOUs - The same was implemented through a suitable amendment to the SEZ Rules in March-2019.
- Formalize “de-notification” process for enclaves and delink its present mandatory usage for SEZs purpose only - This recommendation was implemented through a suitable Clarification dated 28.01.2019 issued to all DCs with copy to State/UTs which relaxed the mandatory usage requirement that stipulated that the denotified land shall be used for SEZ purpose only.
- Support to enable servicification of manufacturing zones. Allowing manufacturing enabling services companies e.g. R&D services, engineering design services, logistics service – This recommendation has been implemented through a suitable amendment to Rule 5 of the SEZ rules on 17.12.2019 which rendered all existing and future SEZs as multi-sector SEZs thereby allowing for the co-existence of SEZ units of any sector with any other sector.
- Broad-banding definition of services/allowing multiple services to come together - This recommendation has been implemented through a suitable amendment to Rule 5 of the SEZ rules on 17.12.2019 which rendered all existing and future SEZs as multi-sector SEZs thereby allowing for the co-existence of SEZ units of any sector with any other sector.
- Review/relax minimum land/built-up area requirement - This recommendation has been implemented through a suitable amendment to Rule 5 of the SEZ rules on 17.12.2019 which relaxed the minimum land area requirement for setting up a multi-sector SEZ from the erstwhile requirement of 500 hectares to 50 hectares.
- Developer should be allowed flexibility to enter into a long term lease agreement with stakeholders in Zones in line with the State policies - This recommendation was implemented through an instruction No. 98 dated 29.08.2019 which relaxed the earlier stipulation of maximum lease period of 30 years to allow flexibility in lease tenure which would be in line with the maximum tenure allowed under the state / local government law / regulations.
- The application for constructing minimum built up area by Developer or Co-developer beyond a period of ten years from the date of notification of the Special Economic Zone to be considered by BOA on merits of each case - This recommendation has been implemented through a suitable amendment to Rule 5 of the SEZ rules on 17.12.2019 thereby empowering

the Board of Approval to consider proposals for extensions for period beyond earlier stipulated ten years based on the merits of each case.

- Enabling provisions for transfer of approval from one co-developer to other co-developer – This recommendation has been examined and is being implemented through the mechanism of Board of Approvals which examines and approves such proposals on the merits of each case.
- Funding mechanism for last mile connectivity for SEZs - A mechanism for funding such requirement of last mile connectivity infrastructure has enabled through the existing scheme of TIES which has been clarified through suitable instruction to Development Commissioners in Jan-2020.

Besides the recommendations of the Group, the following further steps have been taken towards enabling ease of doing business and enhancing flexibility.

- Delegation of powers to Development Commissioner for shifting of SEZ unit from one SEZ to another within their jurisdiction – Earlier such proposals for shifting of SEZ units from one SEZ to another were processed and approved at the level of Commerce Secretary which has now been delegated to the level of jurisdictional Development Commissioners.
- Enable a trust to be considered eligible to set-up a unit in a SEZ, including a unit to be set-up in the International Financial Services Centre (IFSC). This will also provide flexibility to GoI to include any entity that may be required to be notified from time to time to set-up a unit in a SEZ
- Setting up of cafeteria, gymnasium, creche and other similar facilities / amenities allowed to SEZ units – The request of SEZ units to set up facilities such as cafeteria, gymnasium, creche and other similar facilities / amenities were allowed through a suitable Instruction dated 11.06.2019.
- Revised guidelines for Work from Home policy – The revised guidelines were enabled through an amendment to the SEZ Rules in March-2019 to allow for employees of SEZ units to work for home.
- Uniform list of services to SEZ – This provides for a broad list of input services that could be utilized by SEZ units for their day-to-day operations thereby avoiding the requirement of the units to seek permission of Development Commissioners for each such instance.
