

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

LOK SABHA
UNSTARRED QUESTION NO. 1403 (H)
TO BE ANSWERED ON 10th FEBRUARY, 2021

SEZ POLICY

1403(H). SHRI RAMCHARAN BOHRA:

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

- (a) the salient features of the present Special Economic Zone (SEZ) policy;
- (b) whether any shortcomings have been found in the said policy due to which Government has suffered revenue loss;
- (c) if so, the details thereof;
- (d) whether the Government proposes to review this policy and make amendments in the laws/procedures; and
- (e) if so, the details along with the current status thereof?

ANSWER

वाणिज्य एवं उद्योग मंत्रालय में राज्य मंत्री (श्री हरदीप सिंह पुरी)

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(SHRI HARDEEP SINGH PURI)

(a): The Special Economic Zones (SEZs) policy was launched in April, 2000. The Special Economic Zones Act, 2005, was passed by Parliament in May, 2005 which received Presidential assent on the 23rd of June, 2005. The SEZ Rules, 2006 came into effect on 10th February, 2006. The salient features of the SEZ scheme are:-

- (i) A designated duty free enclave to be treated as a territory outside the customs territory of India for the purpose of authorised operations in the SEZ;
- (ii) No licence required for import;
- (iii) Manufacturing or service activities allowed;
- (iv) The Unit shall achieve Positive Net Foreign Exchange to be calculated cumulatively for a period of five years from the commencement of production;
- (v) Domestic sales subject to full customs duty and import policy in force;
- (vi) SEZ units will have freedom for subcontracting;
- (vii) No routine examination by customs authorities of export/import cargo;
- (viii) SEZ Developers /Co-Developers and Units enjoy tax benefits as prescribed in the SEZs Act, 2005.

(b) and (c): The fiscal concessions and duty benefits allowed to SEZs are inbuilt into the SEZ Act, 2005. These exemptions are in the nature of incentives for export and are consistent with the principles that guide export promotion initiatives of the Government in general. Incentives provided are conscious public policy actions leading to economic benefits, and cannot be termed as revenue loss.

(d) and (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 SEZs, Government periodically takes necessary measures for facilitating smooth and effective implementation of the SEZ Act/Rules.
