

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

LOK SABHA
UNSTARRED QUESTION NO. 2314
TO BE ANSWERED ON 16th MARCH, 2022

AMENDMENT IN SEZ ACT

2314. SHRI BHOLA SINGH:
SHRI RAJVEER SINGH (RAJU BHAIYA):
DR. JAYANTA KUMAR ROY:
SHRI VINOD KUMAR SONKAR:
SHRI RAJA AMARESHWARA NAIK:
SHRIMATI SANGEETA KUMARI SINGH DEO:
DR. SUKANTA MAJUMDAR:

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

- (a) whether the Government has proposed to amend the Special Economic Zones (SEZs) Act to enable the States to become partners in 'Development of Enterprise and Service Hubs';
- (b) if so, the details thereof;
- (c) whether it will cover all large existing and new industrial enclaves to optimally utilise available infrastructure and enhance competitiveness of exports;
- (d) if so, the details thereof;
- (e) whether the Government proposed to undertake reforms in Customs Administration of SEZs and it shall henceforth be fully IT driven and function on the Customs National Portal;
- (f) if so, the details thereof; and
- (g) the other reforms being taken by the Government regarding SEZs in the country?

ANSWER

वाणिज्य एवं उद्योग मंत्रालय में राज्य मंत्री (श्रीमती अनुप्रिया पटेल)

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(SMT. ANUPRIYA PATEL)

(a) to (f): Bringing in a new legislation to replace the extant SEZ law would involve consultations with Central Government Ministries / Departments, State Governments as well as relevant stakeholders. The details of the new legislations will take into consideration the consultations held.

(g): SEZ reform 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. Several measures have been initiated to enhance ease of doing business for SEZ Developers/Units as detailed in **Annexure**.

Annexure to the Lok Sabha Unstarred Question No. 2314 for 16th March, 2022

Measures for enhancing Ease of Doing Business in SEZs:

1. Method of calculation for Net Foreign Exchange earning criteria has been reviewed and modified vide Notification dated 07th March, 2019.
2. Rule 53A has been inserted to facilitate the calculation of net foreign exchange for a unit in an International Financial Service Centre in view of its special nature.
3. Uniform list of services to SEZ, 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.
4. Setting up of cafeteria, gymnasium, creche and other similar facilities / amenities allowed to SEZ units.
5. Delegation of powers to Development Commissioner for shifting of SEZ unit from one SEZ to another within their jurisdiction.
6. An amendment to the SEZ Rules in March-2019 to allow employees of IT/ITeS SEZ units to work for home.
7. Guidelines for clearance of abandoned goods/ uncleared cargo laying in FTWZs.
8. Formalize “de-notification” process for enclaves and delink its present mandatory usage for SEZs purpose only.
9. Support to enable servicification of manufacturing zones. Allowing manufacturing enabling services companies e.g. R&D services, engineering design services, logistics service.
10. Developer are allowed flexibility to enter into a long term lease agreement with stakeholders in Zones in line with the State policies.
11. Enabling provisions for transfer of approval from one co-developer to other co-developer.
12. Amendment in SEZ Act, 2005 [Section 2(v)] for enabling Trusts and any other entity notified by the Central Government to set up units in SEZ.
13. Vide amendment dated 23.10.2020, a proviso in Rule 24(3) of the SEZs Rules has been inserted regarding admissibility of Drawback and any other similar benefit on supplies from Domestic Tariff Area to foreign suppliers in Free Trade and Warehousing Zone, where the payments are made in foreign currency by the foreign supplier to Domestic Tariff Area.
14. A new rule 21A has been inserted in SEZ Rules, 2006 which enables setting up of Unit by Multilateral or Unilateral or International agencies notified under United Nation (Privileges and Immunities) Act, 1947 (46 of 1947) in International Financial Services Centre.
15. Power Guidelines, 2016 has been amended vide this Department's OM dated 07.06.2021 allowing a unit to set up non-conventional power plants within their premises for the exclusive purpose of captive consumption subject to the condition that non tax/duty benefits stipulated under Section 26 of SEZ Act, 2005.
16. Instruction no. 106 relating to the policy for worn/used clothing and plastic recycling units in SEZs/EOUs was issued on 27th May, 2021.
17. Instruction No. 107 dated 26th August, 2021 has been issued to all Development Commissioners for minimizing regulatory compliances for Pharma Industry. Further, integration of FSSAI with SEZ Online System has been made live.
18. Instruction No. 108 dated 11th October, 2021 has been issued pertaining to alternative method of transfer of space by an existing unit under Rule 74 of SEZ Rules, 2006.
19. Instruction No. 109 dated 18th October, 2021 has been issued which provides that reorganization including change of name, change of shareholding pattern, business transfer arrangements, court approved mergers and demergers, change of constitution, change of Directors, etc. may be undertaken by the Unit Approval Committee (UAC) concerned subject to the condition that Developer/Co-developer/Unit shall not opt out or exit out of the Special Economic Zone and continues to operate as a going concern.
