



# EXPORT NEWS FROM PARLIAMENT

This information was given by Mr Anand Sharma, Minister for Commerce, Industry & Textiles, in a written reply to a question in the Lok Sabha on April 30, 2012.

## BENEFITS OF SEZs

While no specific studies to assess the performance and overall impact of Special Economic Zones (SEZs) on rural and agro industries across the country have been carried out, studies commissioned by the Department of Commerce on the socio-economic impact of SEZs have shown that SEZs have created a significant local area impact in terms of direct as well as indirect employment, emergence of new activities, changes in consumption pattern and social life, human development facilities such as education, healthcare etc.

In a short span of about six years since SEZ Act and Rules were notified in February, 2006, formal approvals have been granted for setting up of 589 SEZs out of which 389 have been notified and 153 are already exporting. Out of the total employment provided to 8,44,916 persons in SEZs as a whole employment to 7,10,212 persons is incremental employment generated after February, 2006 when the SEZ Act came into force. This is apart from millions of man days of employment created by the developers for infrastructure activities.

Physical exports from the SEZs have increased from Rs. 2,20,711.39 crore in 2009-10 to Rs. 3,15,867.85 crore in 2010-11, registering a growth of 43.11%. There has been an overall growth of export of 2531% over past

nine years (2003-04 to 2011-12). The total physical exports from SEZs in 2011-12, as on 31st March, 2012, has been to the tune of Rs. 3,64,477.73 crore approximately registering a growth of 15.39% over the previous financial year. The total investment in SEZs till 31st March, 2012 is Rs. 2,01,874.76 crore approximately, including Rs. 1,82,750.74 crore in the newly notified SEZs.

In order to impart stability to SEZ regime and to achieve generation of greater economic activity and employment through the establishment of SEZs, Special Economic Zone Act, 2005 had been enacted in February 2006 supported by SEZ Rules, 2006. The main objectives of the SEZ Act are:-

- a) Generation of additional economic activity
- b) Promotion of exports of goods and services
- c) Promotion of investment from domestic and foreign sources

- d) Creation of employment opportunities
- e) Development of infrastructure facilities

In terms of SEZ Act, 2005 and Rules framed thereunder, no export or foreign direct investment (FDI) targets are set for SEZs. SEZ units are required to achieve positive Net Foreign Exchange earnings within a period of five years from the date of commencement of production. Data on actual growth in exports and foreign direct investment in SEZs during the last three years and the current year has been given in the table below.

Relief provided to SEZ developers and units in the form of concessions, rebates and exemptions are intrinsic to the SEZ policy and are specifically provided under the SEZ Act and Rules, and are in the nature of incentives to achieve SEZ objectives.

As the above figures would indicate the SEZs have by and large been able to attain the objectives for which

Years	Value of exports (Rs crore)	% Growth	Value of FDI (Rs crore)	% Growth
2008-2009	99,689	50%	10,983	49.72%
2009-2010	2,20,711	121%	16,778	52.77%
2010-2011	3,15,868	43.11%	22,790	35.83%
2011-2012	3,64,478	15.39%	11,466	-49.69%

these were set up. However, on-going review and reform, as necessary, of Government policy and procedure is inherent to Public Policy.

### **EXPORT OF AGRICULTURAL PRODUCTS**

The quantum and value of export of agricultural products during 2008-09, 2009-10 and 2010-11 are given in the table below. Complete data on annual basis for 2011-12 is not yet available. The Government does not fix targets for export for agricultural products because agriculture policy in India is guided by a number of objectives which include food self sufficiency, ensuring remunerative prices to farmers and easy availability of essential commodities at reasonable prices in the domestic market. Moreover, export of agricultural products depends on a variety of factors including availability of surplus, international demand and supply situation, quality standards and price competitiveness.

The imports of major agricultural products for the years 2008-09, 2009-10 and 2010-11 were \$6219 million, \$10645 million and \$10593 million, respectively. Complete annual data for agriculture imports for 2011-12 are not yet available. There is no major change in the value of imports of agricultural products in 2010-11 over 2009-10.

From time to time Government analyses data on import and export of agricultural commodities. Review of domestic availability / deficit / surplus of essential agricultural commodities are done at various levels like the Empowered Group of Ministers (EGoM), Cabinet Committee on Prices (CCP), Committee of Secretaries (CoS) etc. Appropriate decisions on allowing or banning / restricting exports / imports of any particular agricultural product / commodity are taken by EGoM / CCP after considering various factors including stocks of agriculture products available in the country, surplus over and above the buffer stock norm and

strategic reserve requirements, if any, the concerns of food security, availability of agriculture products to common man at reasonable prices and remunerative returns to the grower and price competitiveness in the international market etc.

### **REFORMS IN SEZ POLICY**

Special Economic Zones (SEZ) are set up as per the SEZ Act, 2005, and rules made thereunder. On the basis of inputs/suggestions received from stakeholders on the working of the SEZ Scheme, SEZ Rules and procedures are reviewed from time to time to facilitate the speedy and effective implementation and operation of SEZ projects. Such reports, amendments etc. are also hosted on the website [sezindia.nic.in](http://sezindia.nic.in) from time to time.

### **WTO MODALITIES ON AGRICULTURE, SUBSIDIES**

From time to time, the Chairman of the negotiating group on agriculture in the World Trade Organization (WTO) has been bringing out draft proposals in the form of a modalities text, based on discussions among Members. A revised text was issued on 6 December 2008, which is currently the basis of the agriculture negotiations under the ongoing Doha Round of trade negotiations in the WTO. It contains proposals for cuts in customs duties, and limits and other disciplines on domestic and export subsidies, for liberalizing agricultural trade. The draft also has several special provisions for developing countries. These include provisions to self-designate a certain percentage of agricultural products as Special Products that would undergo lower or no tariff cuts, and a Special Safeguard Mechanism that would allow the imposition of additional safeguard duties in the event of a surge in import volumes or a fall in prices of agricultural imports.

India's position and strategy in the negotiations are guided by its concerns relating to the food, income

and livelihood security of its farmers and the need to secure additional markets for agricultural products. Substantial and effective reductions in domestic support and customs tariffs by developed countries protect and promote the interests of their low income and resource poor farmers, is a key priority for India and other developing countries in the agriculture negotiations.

India has expressed concern over the slow progress of the Doha talks on several occasions.

India is a founding member of the WTO and is committed to a fair, equitable, rules-based multilateral trading system, as this best serves the interests of global trade and the requirements of developing countries. The Doha Round is a development round and provides a historic opportunity to correct trade distortions, particularly the agricultural protectionism that is rampant in developed countries. It is also an opportunity to gain market access for India's exports, while simultaneously safeguarding the interests of farmers and sensitive industrial sectors.

Following a stalemate in the negotiations after a mini-Ministerial meeting in the WTO in July 2008, India sent out a strong signal of support by hosting an informal Ministerial meeting in New Delhi in September 2009 to re-energise the Round. Negotiations resumed in the WTO soon afterwards. India is closely involved in the negotiations and regularly holds bilateral and plurilateral discussions with other countries, towards a balanced and development-oriented conclusion of the Round. India has been working together with like-minded countries in the WTO for an early conclusion of the Round while ensuring that the interests of the developing countries are protected. Further, India actively participates in international discussions on the Doha Round, including the World Economic Forum and G20 meetings. ■